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JAN 30 2008

PUBLIC SERVICE
COMMISSION

Dinsmore & Shohl LLP
ATTORNEYS

John E. Selent
502-540-2315
selent@dinslaw.com

January 30, 2008

VIA HAND DELIVERY

Hon. Beth O'Donnell
Executive Director
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

Re: In the Matter of: Application of North Central Telephone Cooperative Corporation to Adjust Rates and Charges for Basic Local Exchange Service, Case No. 2007-00162

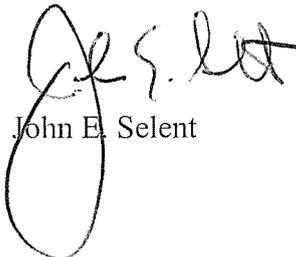
Dear Ms. O'Donnell:

Enclosed for filing in the above-referenced case, please find one original and five (5) copies of North Central Telephone Cooperative Corporation's response to the data requests of the staff of the Public Service Commission of the Commonwealth of Kentucky.

Thank you, and if you have any questions, please call me.

Very truly yours,

DINSMORE & SHOHL LLP



John E. Selent

JES/HCW/rk
Enclosures
cc: All Parties of Record

129008_1
21542-1

1400 PNC Plaza, 500 West Jefferson Street Louisville, KY 40202
502.540.2300 502.585.2207 fax www.dinslaw.com

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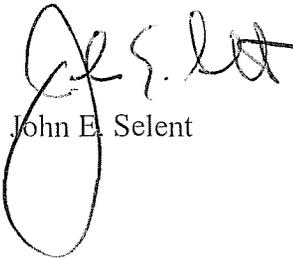
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**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

APPLICATION OF NORTH CENTRAL)	
TELEPHONE COOPERATIVE)	Case No. 2007-00162
CORPORATION, INC. TO ADJUST)	
RATES AND CHARGES FOR BASIC)	
LOCAL EXCHANGE SERVICE)	

**NORTH CENTRAL'S RESPONSE TO COMMISSION STAFF'S
FIRST DATA REQUEST**

North Central Telephone Cooperative Corporation ("North Central"), by counsel, hereby files with the Public Service Commission of the Commonwealth of Kentucky (the "Commission"), its response to Commission staff's first data request.

REQUEST NO. 1

Provide an outline of the specific timeline for the integration of voice services over the copper-fiber network after completion of the construction project, as outlined in Case No. 2007-00432. If no specific timeline is available, provide an estimate to the best of your ability and knowledge.

Responsible Witness: F. Thomas Rowland

RESPONSE:

North Central intends to integrate voice services over the copper-fiber network as soon as the facilities are deployed and operational. North Central intends to deploy the facilities in three phases. In phase one, North Central will deploy fiber to serve approximately 25 percent of its customers. In phase two, North Central will provide service to an additional 50 percent of its customers, and in phase three, North Central will deploy fiber to reach the remaining 25 percent of its customers.

REQUEST NO. 2

Refer to Exhibit 6 of the application, the Prefiled Direct Testimony of F. Thomas Rowland, pp. 9-10. Mr. Rowland refers to the operational advantages of hybrid copper-fiber network, as related to the provision of broadband services.

- a. In detail, describe the specific financial savings North Central expects to realize on maintenance costs to voice services after the deployment of the fiber network.
- b. Outline savings for a 3-year period after the fiber network has been deployed for use within the Kentucky service area.

Responsible Witness: F. Thomas Rowland

RESPONSE:

North Central is unable at this time to calculate specific dollar figures with regard to the financial savings it expects to realize in maintenance costs to voice services after the deployment of the fiber network. North Central anticipates, however, that North Central's maintenance costs will decrease substantially following the deployment of the hybrid network because, in part, fiber is less sensitive to temperature fluctuations and electronic interference. Accordingly, equipment failure is less common with fiber technology as compared to copper technology, thereby decreasing the need for testing and restoration of service and the costs associated therewith.

REQUEST NO. 3

Outline all expected operational advantages to voice customers in the Kentucky service area once the copper-fiber network is deployed for use.

Responsible Witness: F. Thomas Rowland

RESPONSE:

The anticipated operational advantages to voice customers of a hybrid copper-fiber network are numerous. Due to the fiber network's decreased susceptibility to equipment failure, North

Central expects that its voice customers will experience fewer outages and maintenance issues. Moreover, when voice customers do experience service disruptions, it is more likely that they may be resolved by software action from the central office, thereby shortening the time required to restore service. Fiber networks are also more difficult to tap illegally than are copper networks. Therefore, North Central's voice customers will enjoy greater security upon the deployment of a hybrid fiber-copper network. Moreover, fiber networks are the state-of-the-art technology demanded by both business and residential customers.

REQUEST NO. 4

Refer to Exhibit 6 of the application, the Prefiled Direct testimony of F. Thomas Rowland, p. 12. Mr. Rowland states that in January 2007, North Central increased rates for non-basic services, including custom-calling and directory listing services.

a. State, in detail, all increases employed by North Central for non-basic services between 2005 through the date of this data request.

b. For each non-basic service, state the previous charge for the service and the new, increased charge.

Responsible Witness: F. Thomas Rowland

RESPONSE:

In response to data requests 4a and 4b, North Central provides the following table:

SERVICE	PREVIOUS RATE	2/1/2007 EFFECTIVE RATE
Caller ID	\$3.50	\$6.50
Call ID Deluxe	\$8.00	\$9.50
Call Waiting	\$1.50	\$2.50
Non-Pub/Non-Listed Numbers	-	\$2.00
Directory Assistance*	\$0.35	\$0.65

* Customers continue to receive three directory assistance calls free of charge per month.

REQUEST NO. 5

Provide North Central's equity management plan.

a. Indicate when the current plan was adopted and identify any changes made in the plan since the year utilized as the test year in North Central's last rate case.

b. Provide a 5-year analysis of the amount of capital credits refunded to members under the plan and indicate the amounts related to general retirements and special retirements (i.e., estates of deceased patrons).

Responsible Witness: F. Thomas Rowland

RESPONSE:

On an annual basis, the Board of Directors meets in October to review North Central's financial status and determine whether to refund credits to the members in March. North Central cannot state with certainty when this equity management plan was first adopted. To the best of its information and belief, however, the plan has not changed since 1982, the year utilized as the test year in North Central's last rate case. North Central does not issue special capital credit refunds to deceased patrons; their credits are issued at the same time the Board issues credits to the members. The following table provides a five-year analysis of the amount of capital credits refunded by North Central to members under the present equity management plan.

Year	Amount Refunded
2007	-
2006	\$566,914
2005	\$597,864
2004	\$605,972
2003	\$437,436

REQUEST NO. 6

Refer to Exhibit 8 of the application, the Prefiled Direct Testimony of Thomas M. Strait, pp. 9, 11, and 12. Mr. Strait states that the Rural Utilities Service ("RUS") directed North Central to maintain a minimum Times Interest Earned Ratio ("TIER") of 1.0 through December 31, 2007 and a minimum TIER of at least 1.42 thereafter. Outline, in detail, the exact revenue increase North Central would need, as derived from charges for basic service, in order to reach the 1.42 TIER after December 31, 2007.

Responsible Witness: Thomas M. Strait

RESPONSE:

As the income statement attached as Exhibit A reflects, North Central would need a revenue increase of \$2,250,000 to reach a TIER of 1.42 after December 31, 2007.

REQUEST NO. 7

Provide North Central's TIER and debt service coverage ratio, as calculated by RUS, for the test year and the 5 preceding calendar years. Include the date used to calculate each ratio.

Responsible Witness: Thomas M. Strait

RESPONSE:

See documents attached as Exhibit B.

REQUEST NO. 8

Provide a TIER calculation for the test period with the proposed rate increase and a TIER calculation for the test period without the proposed rate increase.

Responsible Witness: Thomas M. Strait

RESPONSE:

See documents attached as Exhibit C.

REQUEST NO. 9

Exhibit 22 of the application projects that the annual revenue of the proposed rate increase will be \$217,128. Provide the projected annual revenue derived from North Central's Tennessee customers based on the proposed rate increase.

Responsible Witness: F. Thomas Rowland

RESPONSE:

In response to this data request, North Central provides the following table:

	Residential	Business	Annualized
TN Access Lines	13,454	2,343	
Rate Increase	\$ 3.00	\$ 5.00	
Additional Revenue	\$40,362.00	\$11,715.00	\$624,924.00

REQUEST NO. 10

Provide financial statements for the test period (2006) in the same format as Exhibit 5. Provide the data in Excel spreadsheet format.

Responsible Witness: F. Thomas Rowland

RESPONSE:

See the financial statements attached as Exhibit D.

REQUEST NO. 11

Provide an updated Exhibit 10 with actual results for the periods up to December 2007, if available, and provide budgeted amounts through the end of year 2008. Provide the data in Microsoft Excel 97-2003 spreadsheet format.

Responsible Witness: F. Thomas Rowland

RESPONSE:

North Central is in the process of completing its 2007 annual audit and thus does not yet possess the actual data requested through December, 2007. North Central will provide the actual results as soon as they become available. The budget for 2008 is attached as Exhibit E.

REQUEST NO. 12

Did any of the prefiled testimony account for the increase in rates of non-basic services that have been implemented in 2007? Provide updates if necessary.

Responsible Witness: F. Thomas Rowland

RESPONSE:

The pre-filed testimony of F. Thomas Rowland refers to the increases in rates for non-basic services. The testimony of Gentry Underhill and Thomas Strait, respectively, was based on historical data and therefore did not account for the rate increases implemented in 2007. North Central's response to data request number six, however, captures the rate increases implemented in 2007.

REQUEST NO. 13

Identify any other rate or revenue increases that have happened in the test period or in 2007, such as interstate access rates or universal fund disbursements.

Responsible Witness: F. Thomas Rowland

RESPONSE:

North Central states it did not implement any other rate or revenue increases in the test period or in 2007.

REQUEST NO. 14

Identify the company's annual Universal Fund support in the test period. Identify the account wherein this fund support is booked.

Responsible Witness: F. Thomas Rowland

RESPONSE:

North Central provides the following table in response to data request number 14.

Month	Amount	Account
January, 2006	\$ 121,134.00	5100
February, 2006	\$ 107,846.00	5100
March, 2006	\$ 107,846.00	5100
April, 2006	\$ 107,846.00	5100
May, 2006	\$ 104,868.00	5100
June, 2006	\$ 104,868.00	5100
July, 2006	\$ 104,868.00	5100
August, 2006	\$ 101,859.00	5100
September, 2006	\$ 104,381.00	5100
October, 2006	\$ 102,711.00	5100
November, 2006	\$ 102,711.00	5100
December, 2006	\$ 104,214.00	5100
TOTAL	\$1,275,152.00	

NOTE: This table reflects total company Universal Service Fund support as North Central is considered one study area encompassing Tennessee and Kentucky operations.

REQUEST NO. 15

Provide, in comparative form, a detailed income statement, a statement of cash flows, and a balance sheet for the test year and a 12-month period immediately preceding the test year.

Responsible Witness: Gentry B. Underhill, Jr.

RESPONSE:

See documents attached as Exhibit F.

REQUEST NO. 16

Provide North Central's rate of return on net investment rate base for the test year and 5 preceding calendar years. Include the data used to calculate each return.

Responsible Witness: Gentry B. Underhill, Jr.

RESPONSE:

As a cooperative, North Central is not a rate of return company; therefore, it does not calculate rate of return on net investment rate base. North Central did, however, provide the Commission with its FCC Part 36 study for 2006 which was attached as Exhibit 18 to North Central's application.

REQUEST NO. 17

Provide a list of depreciation expenses. List each account, the balance at the end of the test year, the depreciation rate, and the annual depreciation.

Responsible Witness: Gentry B. Underhill, Jr.

RESPONSE:

See documents attached as Exhibit G.

REQUEST NO. 18

Are the depreciation rates reflected in this filing identical to those most recently approved by the Commission?

- a. If yes, identify the case in which they were approved.
- b. If no, provide the depreciation study that supports the rates reflected in this filing.

Responsible Witness: Gentry B. Underhill, Jr.

RESPONSE:

The depreciation rates reflected in North Central's filing are identical to those issued by the Commission on October 2, 1997 in a letter from then Executive Director Don Mills to all incumbent local exchange carriers. The letter and average depreciation schedule are attached as Exhibit H.

REQUEST NO. 19

Provide separate schedules for the test year and the year preceding the test year, including the following information regarding North Central's investments in subsidiaries and joint ventures:

- a. Name of subsidiary or joint venture.
- b. Date of initial investment.
- c. Amount and type of investment.
- d. Balance sheet and income statement. Where only internal statements are prepared, furnish copies of these.

e. Names of officers of each of the subsidiaries or joint ventures, each officer's annual compensation, and the portion of the compensation charged to the subsidiary or joint venture. Indicate the position that each officer holds with North Central and the compensation received from North Central.

Responsible Witness: Gentry B. Underhill, Jr.

RESPONSE:

For responses to subsections (a) – (c) and (e), see documents attached as Exhibit I. With regard to subsection (d), North Central is uncertain whether the Commission seeks a balance sheet and income statement for North Central or its subsidiary for 2005 and 2006. To the extent the Commission seeks the information for North Central, North Central refers the Commission to its response to data request 15. To the extent the Commission seeks the information for the subsidiary, North Central refers the Commission to Exhibits 16 and 21 of the rate application

REQUEST NO. 20

Provide separate schedules showing all dividends or any type of income received by North Central from its subsidiaries or joint ventures for the test year and the 3 years preceding the test year.

Indicate how this income is reflected in the reports filed with the Commission and any reports to North Central's member-customers.

Responsible Witness: Gentry B. Underhill, Jr.

RESPONSE:

North Central did not receive any dividends from its subsidiary or joint ventures in 2006 or the preceding three years. North Central does record on its financial records its earnings from its subsidiary, North Central Communications, Inc. These earnings, however, have not been paid to North Central as of December 31, 2006.

REQUEST NO. 21

Concerning non-regulated activities:

- a. Is North Central engaged in any non-regulated activities? If yes, provide a detailed description of each non-regulated activity.
- b. Is North Central engaged in any non-regulated activities through an affiliate? If yes, provide the name of each affiliate and the non-regulated activity in which it is engaged.
- c. Identify each service agreement with each affiliate and indicate whether the service agreement is on file with the Commission. Provide a copy of each service agreement not already on file with the Commission.
- d. Has North Central loaned any money or property to any affiliate? If yes, describe in detail what was loaned, the terms of the loan, and the name of the affiliate.

Responsible Witnesses: F. Thomas Rowland for subsections (a) – (c)

Gentry B. Underhill, Jr. for subsection (d)

RESPONSE:

- a. Yes. North Central offers inside wire, telephone sales, telephone maintenance, and key system sales and service.

b. North Central engages in the following non-regulated activities through affiliates:

In Kentucky:	Affiliate	Non-regulated Activity
	Kentucky RSA #3 Cellular General Partnership d/b/a Bluegrass Cellular	Cellular phone service
	Bluegrass Network LLC	Internet service, state- wide government networking
	Bluegrass Telecom LLC d/b/a North Central Long Distance	Long distance service
In Tennessee:	Iris Networks	Wholesale Carriers Carrier Network
	North Central Security Systems	Security systems sales and monitoring service
	Bluegrass Telecom LLC d/b/a North Central Long Distance	Long distance service

c. North Central has a billing and collections agreement with Bluegrass Telecom LLC d/b/a North Central Long Distance. The agreement is not on file with the Commission and is attached hereto as Exhibit J. North Central also has an interconnection agreement with Bluegrass Cellular, Inc. for and on behalf of Kentucky RSA #3 Cellular General Partnership, Kentucky RSA #4 Cellular General Partnership and Cumberland Cellular Partnership. The interconnection agreement is on file with the Commission.

d. North Central has not loaned any money or property to an affiliate in the form of a note payable or note receivable. North Central does conduct business with its subsidiary in the

normal course of business resulting in trade payables and receivables which are shown as advances.

Respectfully submitted,



John E. Selent
Holly C. Wallace
Edward T. Depp
DINSMORE & SHOHL LLP
1400 PNC Plaza
500 W. Jefferson Street
Louisville, Kentucky 40202
(502) 540-2300
(502) 585-2207 (fax)
**Counsel to North Central Telephone
Cooperative Corporation**

CERTIFICATION

I hereby certify that, for the data requests for which I have been identified as the responsible witness, I have supervised the preparation of North Central Telephone Cooperative Corporation's responses to the Commission Staff's data requests, and that the responses contained therein are true and accurate to the best of my knowledge, information, and belief formed after reasonable inquiry.

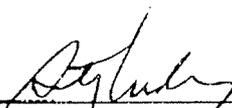


F. Thomas Rowland
President and CEO
North Central Telephone Cooperative Corporation

Date: 1/30/08

CERTIFICATION

I hereby certify that, for the data requests for which I have been identified as the responsible witness, I have supervised the preparation of North Central Telephone Cooperative Corporation's responses to the Commission Staff's data requests, and that the responses contained therein are true and accurate to the best of my knowledge, information, and belief formed after reasonable inquiry.



Gentry B. Underhill, Jr.

Date: 1/29/08

CERTIFICATION

I hereby certify that, for the data request for which I have been identified as the responsible witness, I have supervised the preparation of North Central Telephone Cooperative Corporation's responses to the Commission Staff's data requests, and that the responses contained therein are true and accurate to the best of my knowledge, information, and belief formed after reasonable inquiry.

Thomas M. Strait

Thomas M. Strait

Date: 1/29/2008

CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing was served on the following via U.S. first-class mail, postage pre-paid this ~~30th~~^{31st} day of January, 2008.

C. Kent Hatfield
Douglas Brent
Stoll Keenon Ogden PLLC
500 W. Jefferson Street
2000 PNC Plaza
Louisville, KY 40202

Dulaney L. O’Roark, III
VP and General Counsel-Southeast Region
Verizon
PO Box 110, MC FLT 0007
Tampa, FL 33601



**Counsel to North Central Telephone
Cooperative Corporation**

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North Central Telephone Cooperative Corporation

	2008 w/o increase	2008 Requirement	Data Source
Income Statement			
Operating Revenues			
Local network services revenue [1]	\$ 4,681,608	\$ 4,681,608	Question 11 Response: Acct 5001
Network access service revenue	6,464,668	6,464,668	5080 Accts
Long distance network services revenue	3,233,028	3,233,028	5100 Accts
Miscellaneous revenue	2,492,072	2,492,072	5200 Accts
Uncollectible revenue	(30,766)	(30,766)	Acct 5301
Additional Revenues Required	-	2,250,000	Derived
Total Operating Revenues	\$ 16,840,610	\$ 19,090,610	
Operating Expenses			
Plant specific operations expense	\$ 3,157,429	\$ 3,157,429	6100-6400 Accts
Plant non-specific operations expense	2,220,739	2,220,739	6500 Accts (net depr.)
Provision for depreciation	6,174,027	6,174,027	Acct 6561
Customer operations expense	2,259,759	2,259,759	6600 Accts
Corporate operations expense	2,853,022	2,853,022	6700 Accts
Operating taxes	478,981	478,981	7200 Accts
Total Operating Expenses	\$ 17,143,957	\$ 17,143,957	
Operating Income	\$ (303,347)	\$ 1,946,653	
Fixed Charges			
Interest expense	\$ 1,490,840	\$ 1,490,840	7500 Accts
Interest charged to construction - credit (12)	(125,000)	(125,000)	Estimate
Total Fixed Charges	\$ 1,365,840	\$ 1,365,840	
Income Before Taxes on Income	\$ (1,669,187)	\$ 580,813	
Taxes on Income	5,500	5,500	Estimate
Net Income	\$ (1,674,687)	\$ 575,313	

Note 1: Reflects non-basic revenue increase effective in January 2007

TIER Calculation	(0.23)	1.42
Net Income (after taxes)	\$ (1,674,687)	\$ 575,313
Interest expense	\$ 1,365,840	\$ 1,365,840
Net Income (after taxes) + Interest Expense	\$ (308,847)	\$ 1,941,153

OMB control number for this information collection is 1572-0031. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

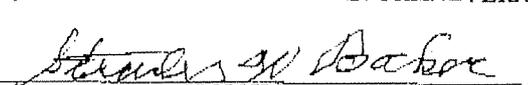
<p>USDA-RUS</p> <p>FINANCIAL AND STATISTICAL REPORT FOR TELECOMMUNICATIONS BORROWERS</p>	<p><i>This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et seq.) and may not be confidential.</i></p> <p>BORROWER NAME AND ADDRESS</p> <p>North Central Tel Coop Corp Lafayette, TN</p>
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<p>INSTRUCTIONS-Submit report to RUS within 30 days after close of the period For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.</p>	<p>PERIOD ENDING 12/31/2000</p>	<p>BORROWER DESIGNATION Tennessee 545</p>
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CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY 7 CFR PART 1785, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

 SIGNATURE OF MANAGER	3/21/01 DATE	 SIGNATURE OF OFFICER	3/21/01 DATE
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PART A. BALANCE SHEET					
ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
CURRENT ASSETS			CURRENT LIABILITIES		
1. Cash and Equivalents	\$7,072,444	\$6,873,621	25. Accounts Payable	\$1,322,532	\$1,085,243
2. Cash-RUS Construction Fund	346,543	481,219	26. Notes Payable	0	0
3. Affiliates:			27. Advance Billings and Payments	0	0
a. Telecom. Accounts Receivable	1,871,773	2,092,448	28. Customer Deposits	473,010	513,248
b. Other Accounts Receivable	0	0	29. Current Mat. L/T Debt	1,516,601	1,664,416
c. Notes Receivable	0	0	30. Current Mat. L/T Debt-Rur. Dev.	0	0
4. Non-Affiliates:			31. Current Mat.-Capital Leases	0	0
a. Telecom. Accounts Receivable	452,388	632,770	32. Income Taxes Accrued	0	0
b. Other Accounts Receivable	0	0	33. Other Taxes Accrued	387,060	318,799
c. Notes Receivable	0	0	34. Other Current Liabilities	1,925,075	2,038,365
5. Interest and Dividends Receivable	0	0	Total Current		
6. Material-Regulated	387,549	663,475	35. Liabilities (25 thru 34)	\$5,624,278	\$5,620,071
7. Material-Nonregulated	161,185	182,639	LONG-TERM DEBT		
8. Prepayments	0	0	36. Funded Debt-RUS Notes	24,590,791	24,137,447
9. Other Current Assets	38,241	109,266	37. Funded Debt-RTB Notes	0	0
Total Current			38. Funded Debt-FFB Notes	0	0
10. Assets (1 thru 9)	\$10,330,123	\$11,035,438	39. Funded Debt-Other	0	0
NONCURRENT ASSETS			40. Funded Debt-Rural Develop. Loan	0	0
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt	0	0
a. Rural Development	0	0	42. Reacquired Debt	0	0
b. Nonrural Development	10,943,724	13,075,871	43. Obligations Under Capital Lease	0	0
12. Other Investments			44. Adv. From Affiliated Companies	0	0
a. Rural Development	0	0	45. Other Long-Term Debt	0	0
b. Nonrural Development	294,562	343,320	Total Long-Term		
13. Nonregulated investments	98,028	137,442	46. Debt (36 thru 45)	\$24,590,791	\$24,137,447
14. Other Noncurrent Assets	0	0	OTHER LIAB. & DEF. CREDITS		
15. Deferred Charges	0	0	47. Other Long-Term Liabilities	322,665	297,932
16. Jurisdictional Differences	0	0	48. Other Deferred Credits	0	0
Total Noncurrent			49. Other Jurisdictional Differences	0	0
17. Assets (11 thru 16)	\$11,336,314	\$13,556,633	Total Other Liabilities and		
PLANT, PROPERTY, AND EQUIPMENT			50. Deferred Credits (47 thru 49)	\$322,665	\$297,932
18. Telecom. Plant-in-Service	55,998,185	61,205,271	EQUITY		
19. Property Held for Future Use	0	0	51. Cap. Stock Outstand & Subscribed	0	0
20. Plant Under Construction	2,756,521	2,597,794	52. Additional Paid-in-Capital	0	0
21. Plant Adj., Nonop. Plant, & Goodwill	0	0	53. Treasury Stock	0	0
22. Less Accumulated Depreciation	25,347,430	28,504,344	54. Membership and Cap. Certificates	6,580	6,580
Net Plant			55. Other Capital	0	0
23. (18 thru 21 less 22)	\$33,407,276	\$35,298,721	56. Patronage Capital Credits	20,688,465	24,357,667
TOTAL ASSETS			57. Retained Earnings or Margins	3,840,934	5,471,095
24. (10 + 17 + 23)	\$55,073,713	\$59,890,792	58. Total Equity (51 thru 57)	\$24,535,979	\$29,836,342
			TOTAL LIABILITIES AND		
			59. EQUITY (35 + 46 + 50 + 58)	\$55,073,713	\$59,890,792

FINANCIAL AND STATISTICAL REPORT
FOR TELECOMMUNICATIONS BORROWERS

Tennessee 545
PERIOD ENDING

12/31/2000

INSTRUCTIONS: See RUS Bulletin 1744

PART B STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS

ITEM	THIS PERIOD (a)	THIS YEAR (b)	LAST YEAR (c)
1 Local Network Services Revenues		\$3,999,092	\$3,726,020
2 Network Access Services Revenues		5,690,367	4,721,773
3 Long Distance Network Services Revenues		3,870,589	3,870,436
4 Carrier Billing and Collection Revenues		226,393	230,737
5 Miscellaneous Revenues		1,058,120	894,912
6 Uncollectible Revenues		0	0
7 Net Operating Revenues (1 thru 5 less 6)		\$14,844,561	\$13,443,878
8 Plant Specific Operations Expense		1,981,229	1,783,104
9 Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)		1,466,397	1,409,684
10 Depreciation Expense		3,926,020	4,321,142
11 Amortization Expense		0	0
12 Customer Operations Expense		1,395,237	1,294,457
13 Corporate Operations Expense		1,779,076	1,403,626
14 Total Operating Expenses (8 thru 13)		\$10,547,959	\$10,212,013
15 Operating Income or Margins (7 less 14)		4,296,602	3,231,865
16 Other Operating Income and Expense		0	0
17 State and Local Taxes		477,703	442,131
18 Federal Income Taxes		0	0
19 Other Taxes		0	0
20 Total Operating Taxes (17 + 18 + 19)		\$477,703	\$442,131
21 Net Operating Income or Margins (15 + 16-20)		3,818,899	2,789,734
22 Interest on Funded Debt		1,204,772	1,212,023
23 Interest Expense - Capital Leases		0	0
24 Other Interest Expense		30,338	28,080
25 Allowance for Funds Used During Construction		194,000	246,664
26 Total Fixed Charges (22 + 23 + 24-25)		\$1,041,110	\$993,439
27 Nonoperating Net Income		303,007	201,559
28 Extraordinary Items		0	0
29 Jurisdictional Differences		0	0
30 Nonregulated Net Income		2,390,299	1,842,970
31 Total Net Income or Margins (21 + 27 + 28 + 29 + 30-26)		\$5,471,095	\$3,840,934
32 Total Taxes Based on Income		0	0
33 Retained Earnings or Margins Beginning-of-Year		3,840,934	3,992,856
34 Miscellaneous Credits Year-to-Date		104,381	52,600
35 Dividends Declared (Common)		0	0
36 Dividends Declared (Preferred)		0	0
37 Other Debits Year-to-Date		0	0
38 Transfers to Patronage Capital		3,945,315	4,045,456
39 Retained Earnings or Margins End-of-Period		\$5,471,095	\$3,840,934
40 Patronage Capital Beginning-of-Year		20,689,465	16,485,533
41 Transfers to Patronage Capital		3,945,315	4,045,456
42 Patronage Capital Credits Retired		276,113	292,524
43 Patronage Capital End-of-Year		\$24,357,667	\$20,238,465
44 Annual Debt Service Payments		1,204,772	1,212,023
45 Cash Ratio [(14 + 20-10-11) / 7]		0.4783	0.4711
46 Operating Accrual Ratio [(14 + 20 + 26) / 7]		0.8129	0.8684
47 TIER [(31 + 26) / 26]		6.25	4.86
48 DSCR [(31 + 26 + 10 + 11) / 44]		6.66	7.55

INSTRUCTIONS: Reviewing instructions, searching existing data sources, preparing and maintaining the data needed, and completing and reviewing the collection of information.

USDA-RUS

This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et seq.) and may not be confidential.

FINANCIAL AND STATISTICAL REPORT FOR TELECOMMUNICATIONS BORROWERS

BORROWER NAME AND ADDRESS
 NORTH CENTRAL TEL COOP CORP
 PO BOX 70
 872 HIGHWAY 52 BYPASS EAST
 LAFAYETTE, TN 37083-0070

INSTRUCTIONS-Submit report to RUS within 30 days after close of the period. For detailed instructions, see RUS Bulletin 1744. Report in whole dollars only.

PERIOD ENDING
 12/2001

BORROWER DESIGNATION
 TN0545

CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

[Signature]
 F. Thomas Rowland, President & CEO
 DATE 04/23/2002

[Signature]
 Polly Honoho, Secretary/Treasurer
 DATE 04/23/2002

Part A. Balance Sheet

	Balance Prior Year	Balance End of Period		Balance Prior Year	Balance End of Period
ASSETS			LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Assets			Current Liabilities		
1. Cash and Equivalents	6,873,621	7,941,851	25. Accounts Payable	1,085,243	828,249
2. Cash-RUS Construction Fund	481,218	37,895	26. Notes Payable	0	0
3. Affiliates:			27. Advance Billings and Payments	0	102,738
a. Telecom, Accounts Receivable	2,092,448	1,448,223	28. Customer Deposits	513,248	538,823
b. Other Accounts Receivable	0	0	29. Current Mat. LT Debt	1,664,416	1,702,107
c. Notes Receivable	0	0	30. Current Mat. LT Debt-Rur. Dev	0	0
4. Non-Affiliates:			31. Current Mat -Capital Leases	0	0
a. Telecom, Accounts Receivable	632,770	554,275	32. Income Taxes Accrued	0	0
b. Other Accounts Receivable	0	0	33. Other Taxes Accrued	318,799	402,274
c. Notes Receivable	0	0	34. Other Current Liabilities	2,038,365	2,206,446
5. Interest and Dividends Receivable	0	0	35. Total Current Liabilities (26 thru 34)	5,620,071	5,780,637
6. Material-Regulated	663,475	487,341	Long-Term Debt		
7. Material-Nonregulated	182,639	134,787	36. Funded Debt-RUS Notes	24,137,447	22,478,703
8. Prepayments	0	0	37. Funded Debt-RTB Notes	0	0
9. Other Current Assets	109,266	245,825	38. Funded Debt-FFB Notes	0	0
10. Total Current Assets (1 thru 9)	11,035,438	10,849,807	39. Funded Debt-Other	0	0
Noncurrent Assets			40. Funded Debt-Rural Develop. Loan	0	0
11. Investment in Affiliated Companies			41. Premium (Discount) on LT Debt	0	0
a. Rural Development	0	0	42. Recaptured Debt	0	0
b. Nonrural Development	13,075,871	14,171,467	43. Obligations Under Capital Lease	0	0
12. Other Investments			44. Adv. From Affiliated Companies	0	0
a. Rural Development	0	0	45. Other Long-Term Debt	0	0
b. Nonrural Development	343,320	382,078	46. Total Long-Term Debt (36 thru 45)	24,137,447	22,478,703
13. Nonregulated Investments	137,442	238,341	Other Liab. & Def. Credits		
14. Other Noncurrent Assets	0	0	47. Other Long-Term Liabilities	297,932	0
15. Deferred Charges	0	0	48. Other Deferred Credits	0	0
16. Jurisdictional Differences	0	0	49. Other Jurisdictional Differences	0	0
17. Total Noncurrent Assets (11 thru 16)	13,556,633	14,791,886	50. Total Other Liabilities and Deferred Credits (47 thru 49)	297,932	0
Plant, Property, and Equipment			Equity		
18. Telecom, Plant-in-Service	61,205,271	63,173,953	51. Cap. Stock, Outstanding, & Subscribed	0	0
19. Property Held for Future Use	0	0	52. Additional Paid-in Capital	0	0
20. Plant Under Construction	2,597,794	3,825,757	53. Treasury Stock	0	0
21. Plant Adj., Nonop. Plant & Goodwill	0	0	54. Membership and Cap. Certificates	6,580	6,580
22. Less Accumulated Depreciation	28,504,344	30,356,977	55. Other Capital	0	0
23. Net Plant (18 thru 21 less 22)	35,298,721	36,642,733	56. Patronage Capital Credits	24,357,867	29,550,882
24. Total Assets (10 + 17 + 23)	59,890,792	62,284,426	57. Retained Earnings or Margins	5,471,095	4,467,624
			58. Total Equity (51 thru 57)	29,835,342	34,025,086
			59. Total Liabilities and Equity (35 + 46 + 50 + 58)	59,890,792	62,284,426

**FINANCIAL AND STATISTICAL REPORT
FOR TELECOMMUNICATIONS BORROWERS**

TN0545

PERIOD ENDING:

12/2001

INSTRUCTIONS: See RUS Bulletin 1744-2

Part B. Statements of Income and Retained Earnings or Margins

Item	This Period (a)	This Year (b)	Last Year (c)
1. Local Network Services Revenues	0	4,051,066	3,999,092
2. Network Access Services Revenues	0	6,874,789	5,690,367
3. Long Distance Network Services Revenues	0	3,893,227	3,870,589
4. Carrier Billing and Collection Revenues	0	226,885	226,383
5. Miscellaneous Revenues	0	1,103,888	1,058,120
6. Uncollectible Revenues	0	0	0
7. Net Operating Revenues (1 thru 5 less 6)	0	16,149,855	14,844,561
8. Plant Specific Operations Expense	0	2,196,263	1,981,229
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	0	1,771,887	1,466,397
10. Depreciation Expense	0	4,266,844	3,926,020
11. Amortization Expense	0	0	0
12. Customer Operations Expense	0	1,479,759	1,395,237
13. Corporate Operations Expense	0	1,833,033	1,779,076
14. Total Operating Expenses (8 thru 13)	0	11,547,786	10,547,959
15. Operating Income or Margins (7 less 14)	0	4,602,069	4,296,602
16. Other Operating Income and Expenses	0	0	0
17. State and Local Taxes	0	561,882	477,703
18. Federal Income Taxes	0	0	0
19. Other Taxes	0	0	0
20. Total Operating Taxes (17 + 18 + 19)	0	561,882	477,703
21. Net Operating Income or Margins (15 + 16 - 20)	0	4,040,187	3,818,899
22. Interest on Funded Debt	0	1,174,695	1,204,772
23. Interest Expense - Capital Leases	0	0	0
24. Other Interest Expense	0	32,719	30,336
25. Allowance for Funds Used During Construction	0	146,458	194,000
26. Total Fixed Charges (22 + 23 + 24 - 25)	0	1,060,956	1,041,110
27. Nonoperating Net Income	0	295,659	303,007
28. Extraordinary Items	0	0	0
29. Jurisdictional Differences	0	0	0
30. Nonregulated Net Income	0	1,192,734	2,390,299
31. Total Net Income or Margins (21+27+28+29+30-26)	0	4,467,824	5,471,095
32. Total Taxes Based on Income	0	0	0
33. Retained Earnings or Margins Beginning-of-Year	0	5,471,095	3,840,934
34. Miscellaneous Credits Year-to-Date	0	79,291	104,381
35. Dividends Declared (Common)	0	0	0
36. Dividends Declared (Preferred)	0	0	0
37. Other Debits Year-to-Date	0	0	0
38. Transfers to Patronage Capital	0	5,550,386	3,945,315
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]	0	4,467,624	5,471,095
40. Patronage Capital Beginning-of-Year	0	24,357,667	20,680,465
41. Transfers to Patronage Capital	0	5,550,386	3,945,315
42. Patronage Capital Credits Retired	0	357,171	276,113
43. Patronage Capital End-of-Year (40+41-42)	0	29,550,882	24,357,667
44. Annual Debt Service Payments	0	1,174,695	1,204,772
45. Cash Ratio [(14+20-10-11) / 7]	0.0000	0.4856	0.4783
46. Operating Accrual Ratio [(14+20+26) / 7]	0.0000	0.8155	0.8129
47. TIER [(31 + 26) / 28]	0.0000	5.2100	6.2600
48. DSCR [(31+26+10+11) / 44]	0.0000	8.3400	8.6600

OMB control number for this information collection is 0724-0031. The time required to complete this information collection is estimated to average 4 hours per response, including the instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

USDA-RUS

This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et seq.) and may not be confidential.

FINANCIAL AND STATISTICAL REPORT FOR TELECOMMUNICATIONS BORROWERS

BORROWER NAME AND ADDRESS
 NORTH CENTRAL TEL COOP CORP
 PO BOX 70
 872 HIGHWAY 52 BYPASS EAST
 LAFAYETTE, TN 37083-0070

INSTRUCTIONS-Submit report to RUS within 30 days after close of the period. For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.

PERIOD ENDING
 12/2002

BORROWER DESIGNATION
 TN0545

CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY 7 CFR PART 1708, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

[Signature]
 F. THOMAS ROWLAND, PRES & CEO
 03/24/2003
 DATE

[Signature]
 GLEN HARDCASTLE, JR., SEC/TREAS
 03/25/2003
 DATE

Part A. Balance Sheet

	Balance Prior Year	Balance End of Period		Balance Prior Year	Balance End of Period
ASSETS			LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Assets			Current Liabilities		
1. Cash and Equivalents	7,941,651	8,312,105	25. Accounts Payable	828,249	820,378
2. Cash-RUS Construction Fund	37,885	160,384	26. Notes Payable	0	0
3. Affiliates:			27. Advance Billings and Payments	102,738	115,623
a. Telecom, Accounts Receivable	1,448,223	1,491,703	28. Customer Deposits	538,823	576,842
b. Other Accounts Receivable	0	0	29. Current Mat. L/T Debt	1,702,107	1,773,572
c. Notes Receivable	0	0	30. Current Mat. L/T Debt-Rur. Dev.	0	0
4. Non-Affiliates:			31. Current Mat.-Capital Leases	0	0
a. Telecom, Accounts Receivable	554,275	1,088,088	32. Income Taxes Accrued	0	0
b. Other Accounts Receivable	0	0	33. Other Taxes Accrued	402,274	555,356
c. Notes Receivable	0	0	34. Other Current Liabilities	2,206,446	2,539,104
5. Interest and Dividends Receivable	0	0	35. Total Current Liabilities (25 thru 34)	5,780,637	6,380,875
6. Material-Regulated	487,341	478,174	Long-Term Debt		
7. Material-Nonregulated	134,797	122,016	36. Funded Debt-RUS Notes	22,478,703	21,397,121
8. Prepayments	0	0	37. Funded Debt-LRTB Notes	0	0
9. Other Current Assets	245,825	208,822	38. Funded Debt-FFB Notes	0	0
10. Total Current Assets (1 thru 9)	10,849,807	11,861,092	39. Funded Debt-Other	0	0
Noncurrent Assets			40. Funded Debt-Rural Develop. Loan	0	0
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt	0	0
a. Rural Development	0	0	42. Recquired Debt	0	0
b. Nonrural Development	14,171,467	14,863,863	43. Obligations Under Capital Lease	0	0
12. Other Investments			44. Adv. From Affiliated Companies	0	0
a. Rural Development	0	0	45. Other Long-Term Debt	0	0
b. Nonrural Development	382,078	394,979	46. Total Long-Term Debt (36 thru 45)	22,478,703	21,397,121
13. Nonregulated Investments	238,341	174,731	Other Liab. & Def. Credits		
14. Other Noncurrent Assets	0	0	47. Other Long-Term Liabilities	0	0
15. Deferred Charges	0	0	48. Other Deferred Credits	0	0
16. Jurisdictional Differences	0	0	49. Other Jurisdictional Differences	0	0
17. Total Noncurrent Assets (11 thru 16)	14,791,886	15,433,573	50. Total Other Liabilities and Deferred Credits (47 thru 49)	0	0
Plant, Property, and Equipment			Equity		
18. Telecom, Plant-in-Service	63,173,953	67,404,184	51. Cap. Stock Outstand & Subscribed	0	0
19. Property Held for Future Use	0	0	52. Additional Paid-in Capital	0	0
20. Plant Under Construction	3,825,757	3,500,028	53. Treasury Stock	0	0
21. Plant Adj., Nonop. Plant & Goodwill	0	0	54. Membership and Cap. Certificates	6,580	6,580
22. Less Accumulated Depreciation	30,356,977	33,957,938	55. Other Capital	0	0
23. Net Plant (18 thru 21 less 22)	36,642,733	36,946,274	56. Patronage Capital Credits	29,550,882	33,465,206
24. Total Assets (10 + 17 + 23)	62,284,426	64,240,939	57. Retained Earnings or Margins	4,467,624	2,991,157
			58. Total Equity (51 thru 57)	34,025,086	36,462,943
			59. Total Liabilities and Equity (35 + 46 + 50 + 58)	62,284,426	64,240,939

**FINANCIAL AND STATISTICAL REPORT
FOR TELECOMMUNICATIONS BORROWERS**

TN0545

PERIOD ENDING

12/2002

INSTRUCTIONS-See RUS Bulletin 1744-2

Part B. Statements of Income and Retained Earnings or Margins

Item	This Period (a)	This Year (b)	Last Year (c)
1. Local Network Services Revenues	0	4,257,474	4,051,066
2. Network Access Services Revenues	0	6,748,758	6,874,799
3. Long Distance Network Services Revenues	0	3,924,939	3,893,227
4. Carrier Billing and Collection Revenues	0	135,811	226,805
5. Miscellaneous Revenues	0	1,257,128	1,103,868
6. Uncollectible Revenues	0	0	0
7. Net Operating Revenues (1 thru 5 less 6)	0	16,324,110	16,149,855
8. Plant Specific Operations Expense	0	2,876,489	2,196,263
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	0	1,717,242	1,771,887
10. Depreciation Expense	0	4,375,188	4,266,844
11. Amortization Expense	0	0	0
12. Customer Operations Expense	0	1,828,752	1,478,759
13. Corporate Operations Expense	0	1,805,785	1,833,033
14. Total Operating Expenses (8 thru 13)	0	12,503,436	11,547,786
15. Operating Income or Margins (7 less 14)	0	3,820,674	4,602,069
16. Other Operating Income and Expenses	0	0	0
17. State and Local Taxes	0	610,551	581,882
18. Federal Income Taxes	0	0	0
19. Other Taxes	0	0	0
20. Total Operating Taxes (17 + 18 + 19)	0	610,551	581,882
21. Net Operating Income or Margins (15 + 16 - 20)	0	3,210,123	4,040,187
22. Interest on Funded Debt	0	1,115,726	1,174,695
23. Interest Expense - Capital Leases	0	0	0
24. Other Interest Expense	0	27,344	32,719
25. Allowance for Funds Used During Construction	0	124,160	146,458
26. Total Fixed Charges (22 + 23 + 24 - 25)	0	1,018,910	1,060,956
27. Nonoperating Net Income	0	224,806	285,859
28. Extraordinary Items	0	0	0
29. Jurisdictional Differences	0	0	0
30. Nonregulated Net Income	0	575,038	1,192,734
31. Total Net Income or Margins (21+27+28+29+30-26)	0	2,991,157	4,467,624
32. Total Taxes Based on Income	0	0	0
33. Retained Earnings or Margins Beginning-of-Year	0	4,467,624	5,471,095
34. Miscellaneous Credits Year-to-Date	0	64,616	79,281
35. Dividends Declared (Common)	0	0	0
36. Dividends Declared (Preferred)	0	0	0
37. Other Debits Year-to-Date	0	0	0
38. Transfers to Patronage Capital	0	4,532,240	5,550,386
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]	0	2,991,157	4,467,624
40. Patronage Capital Beginning-of-Year	0	29,550,882	24,357,667
41. Transfers to Patronage Capital	0	4,532,240	5,550,386
42. Patronage Capital Credits Retired	0	617,916	357,171
43. Patronage Capital End-of-Year (40+41-42)	0	33,465,206	29,550,882
44. Annual Debt Service Payments	0	1,115,725	1,174,695
45. Cash Ratio [(14+20-10-11) / 7]	0.0000	0.5353	0.4858
46. Operating Accrual Ratio [(14+20+26) / 7]	0.0000	0.8658	0.8155
47. TIER [(31 + 26) / 26]	0.0000	3.9400	5.2100
48. DSCR [(31+26+10+11) / 44]	0.0000	7.5200	8.3400

Searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information

USDA-RUS

This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et seq.) and may not be confidential

**FINANCIAL AND STATISTICAL REPORT
FOR TELECOMMUNICATIONS BORROWERS**

BORROWER NAME AND ADDRESS
NORTH CENTRAL TEL COOP CORP
PO BOX 70
672 HIGHWAY 52 BYPASS EAST
LAFAYETTE, TN 37083

INSTRUCTIONS-Submit report to RUS within 30 days after close of the period
For detailed instructions, see RUS bulletin 1744-2. Report in whole dollars only.

PERIOD ENDING
12/2003

BORROWER DESIGNATION
TN0545

CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

[Signature]
F. THOMAS ROWLAND, PRESIDENT AND CEO
DATE 03/19/2004

[Signature]
GLEN HARDCASTLE, JR., SEC/TREAS,
DATE 03/19/2004

Part A. Balance Sheet

	Balance Prior Year	Balance End of Period		Balance Prior Year	Balance End of Period
ASSETS			LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Assets			Current Liabilities		
1. Cash and Equivalents	8,312,105	6,572,354	25. Accounts Payable	820,378	921,889
2. Cash-RUS Construction Fund	160,984	13,659	26. Notes Payable	0	0
3. Affiliates:			27. Advance Billings and Payments	115,623	119,729
a. Telecom, Accounts Receivable	1,491,703	1,378,625	28. Customer Deposits	676,842	690,759
b. Other Accounts Receivable	0	0	29. Current Mat. L/T Debt	1,773,572	1,862,789
c. Notes Receivable	0	0	30. Current Mat. L/T Debt-Rur. Dev.	0	0
4. Non-Affiliates:			31. Current Mat.-Capital Leases	0	0
a. Telecom, Accounts Receivable	1,088,086	713,082	32. Income Taxes Accrued	0	0
b. Other Accounts Receivable	0	0	33. Other Taxes Accrued	555,356	437,007
c. Notes Receivable	0	0	34. Other Current Liabilities	2,538,104	2,758,487
5. Interest and Dividends Receivable	0	0	35. Total Current Liabilities (25 thru 34)	6,380,875	6,680,670
6. Material-Regulated	478,174	209,899	Long-Term Debt		
7. Material-Nonregulated	122,016	118,229	36. Funded Debt-RUS Notes	21,397,121	19,615,586
a. Prepayments	0	0	37. Funded Debt-RTB Notes	0	0
b. Other Current Assets	208,622	82,003	38. Funded Debt-FFB Notes	0	0
10. Total Current Assets (1 thru 9)	11,861,092	11,087,851	39. Funded Debt-Other	0	0
Noncurrent Assets			40. Funded Debt-Rural Develop. Loan	0	0
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt	0	0
a. Rural Development	0	0	42. Recaptured Debt	0	0
b. Nonrural Development	14,863,863	15,333,679	43. Obligations Under Capital Lease	0	0
12. Other Investments			44. Adv. From Affiliated Companies	0	0
a. Rural Development	0	0	45. Other Long-Term Debt	0	0
b. Nonrural Development	894,979	440,530	46. Total Long-Term Debt (36 thru 45)	21,397,121	19,615,586
13. Nonregulated Investments	174,731	134,068	Other Liab. & Def. Credits		
14. Other Noncurrent Assets	0	0	47. Other Long-Term Liabilities	0	320,570
15. Deferred Charges	0	0	48. Other Deferred Credits	0	0
16. Jurisdictional Differences	0	0	49. Other Jurisdictional Differences	0	0
17. Total Noncurrent Assets (11 thru 16)	15,433,573	15,908,277	50. Total Other Liabilities and Deferred Credits (47 thru 49)	0	320,570
Plant, Property, and Equipment			Equity		
18. Telecom, Plant-in-Service	67,404,184	70,031,563	51. Cap. Stock Outstand. & Subscribed	0	0
19. Property Held for Future Use	0	0	52. Additional Paid-in Capital	0	0
20. Plant Under Construction	3,500,028	5,142,588	53. Treasury Stock	0	0
21. Plant Adj., Nonop. Plant & Goodwill	0	0	54. Membership and Cap. Certificates	6,580	6,580
22. Less Accumulated Depreciation	33,957,938	36,082,968	55. Other Capital	0	0
23. Net Plant (18 thru 21 less 22)	36,946,274	37,091,183	56. Patronage Capital Credits	33,465,206	36,041,427
24. Total Assets (10 + 17 + 23)	64,240,939	64,087,311	57. Retained Earnings or Margins	2,991,157	1,412,478
			58. Total Equity (51 thru 57)	36,462,943	37,460,485
			59. Total Liabilities and Equity (35 + 46 + 50 + 58)	64,240,939	64,087,311

**FINANCIAL AND STATISTICAL REPORT
TELECOMMUNICATIONS BORROWERS**

TN0545

PERIOD ENDING

12/2005

INSTRUCTIONS-See RUS Bulletin 1744-C

Part B. Statements of Income and Retained Earnings or Margins

Item	This Period (a)	This Year (b)	Last Year (c)
1 Local Network Services Revenues	0	4,315,608	4,257,474
2 Network Access Services Revenues	0	6,617,243	6,748,758
3 Long Distance Network Services Revenues	0	3,447,622	3,924,939
4 Carrier Billing and Collection Revenues	0	142,605	135,811
5 Miscellaneous Revenues	0	1,480,226	1,257,128
6 Uncollectible Revenues	0	0	0
7 Net Operating Revenues (1 thru 5 less 6)	0	16,003,304	16,324,110
8 Plant Specific Operations Expense	0	3,002,261	2,676,469
9 Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	0	1,884,186	1,717,242
10 Depreciation Expense	0	4,670,993	4,375,188
11 Amortization Expense	0	0	0
12 Customer Operations Expense	0	2,028,146	1,828,752
13 Corporate Operations Expense	0	2,108,410	1,905,785
14 Total Operating Expenses (8 thru 13)	0	13,693,996	12,503,436
15 Operating Income or Margins (7 less 14)	0	2,309,308	3,820,674
16 Other Operating Income and Expenses	0	0	0
17 State and Local Taxes	0	440,385	610,551
18 Federal Income Taxes	0	0	0
19 Other Taxes	0	0	0
20 Total Operating Taxes (17 + 18 + 19)	0	440,385	610,551
21 Net Operating Income or Margins (15 + 16 - 20)	0	1,868,923	3,210,123
22 Interest on Funded Debt	0	1,053,664	1,115,726
23 Interest Expense - Capital Leases	0	0	0
24 Other Interest Expense	0	35,037	27,344
25 Allowance for Funds Used During Construction	0	186,663	124,160
26 Total Fixed Charges (22 + 23 + 24 - 25)	0	902,136	1,018,910
27 Nonoperating Net Income	0	147,297	224,906
28 Extraordinary Items	0	0	0
29 Jurisdictional Differences	0	0	0
30 Nonregulated Net Income	0	298,396	575,038
31 Total Net Income or Margins (21+27+28+30-26)	0	1,412,478	2,991,157
32 Total Taxes Based on Income	0	0	0
33 Retained Earnings or Margins Beginning-of-Year	0	2,991,157	4,467,624
34 Miscellaneous Credits Year-to-Date	0	22,500	64,816
35 Dividends Declared (Common)	0	0	0
36 Dividends Declared (Preferred)	0	0	0
37 Other Debits Year-to-Date	0	0	0
38 Transfers to Patronage Capital	0	3,013,657	4,532,240
39 Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]	0	1,412,478	2,991,157
40 Patronage Capital Beginning-of-Year	0	33,465,206	29,650,882
41 Transfers to Patronage Capital	0	3,013,657	4,532,240
42 Patronage Capital Credits Retired	0	437,436	617,916
43 Patronage Capital End-of-Year (40+41-42)	0	36,041,427	33,465,206
44 Annual Debt Service Payments	0	1,053,664	1,115,725
45 Cash Ratio [(14+20-10-11) / 7]	0.0000	0.5913	0.5353
46 Operating Accrual Ratio [(14+20+26) / 7]	0.0000	0.9396	0.8658
47 TIEP [(31 + 26) / 26]	0.0000	2.5700	3.9400
48 DSCR [(31+26+10+11) / 44]	0.0000	6.6300	7.5200

A control number for this information collection is 05-0-000. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

USDA-RUS

This data will be used by RUS to review your financial situation. Your response is required. (7 U.S.C. 901 et seq.) and may not be confidential.

FINANCIAL AND STATISTICAL REPORT FOR TELECOMMUNICATIONS BORROWERS

BORROWER NAME AND ADDRESS
North Central Tel Coop Corp
PO BOX 70
872 HIGHWAY 52 BYPASS EAST
LAFAYETTE, TN 37083-

INSTRUCTIONS-Submit report to RUS within 30 days after close of the period. For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.

PERIOD ENDING 12/2004 **BORROWER DESIGNATION** TN054E

CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

[Signature]
F. THOMAS ROWLAND, PRESIDENT AND CEO

03/14/2005
DATE

[Signature]
SHELVEY LINVILLE, SECRETARY/TREASURER

03/14/2005
DATE

Part A. Balance Sheet

	Balance Prior Year	Balance End of Period		Balance Prior Year	Balance End of Period
ASSETS			LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Assets			Current Liabilities		
1. Cash and Equivalents	8,572,354	6,232,907	25. Accounts Payable	921,899	572,771
2. Cash-RUS Construction Fund	13,859	69,845	26. Notes Payable	0	0
3. Affiliates:			27. Advance Billings and Payments	119,729	120,100
a. Telecom, Accounts Receivable	1,378,626	1,281,836	28. Customer Deposits	580,759	478,501
b. Other Accounts Receivable	0	0	29. Current Mat. LT Debt	1,862,789	2,037,652
c. Notes Receivable	0	0	30. Current Mat. LT Debt-Rur Dev	0	0
4. Non-Affiliates:			31. Current Mat.-Capital Leases	0	0
a. Telecom, Accounts Receivable	713,082	876,078	32. Income Taxes Accrued	0	0
b. Other Accounts Receivable	0	0	33. Other Taxes Accrued	437,007	405,343
c. Notes Receivable	0	0	34. Other Current Liabilities	2,758,487	3,238,045
5. Interest and Dividends Receivable	0	0	35. Total Current Liabilities (25 thru 34)	6,890,670	6,852,412
6. Material-Regulated	209,899	187,345	Long-Term Debt		
7. Material-Nonregulated	118,229	88,402	36. Funded Debt-RUS Notes	19,615,586	18,841,718
8. Prepayments	0	0	37. Funded Debt-RTB Notes	0	0
9. Other Current Assets	82,003	124,235	38. Funded Debt-FFB Notes	0	0
10. Total Current Assets (1 thru 9)	11,087,851	8,880,648	39. Funded Debt-Other	0	0
Noncurrent Assets			40. Funded Debt-Rural Develop. Loan	0	0
11. Investment in Affiliated Companies			41. Premium (Discount) on LT Debt	0	0
a. Rural Development	0	0	42. Recquired Debt	0	0
b. Nonrural Development	15,333,679	18,480,843	43. Obligations Under Capital Lease	0	0
12. Other Investments			44. Adv. From Affiliated Companies	0	0
a. Rural Development	0	0	45. Other Long-Term Debt	0	0
b. Nonrural Development	440,530	494,783	46. Total Long-Term Debt (36 thru 45)	19,615,586	18,841,718
13. Nonregulated Investments	134,068	139,701	Other Liab. & Def. Credits		
14. Other Noncurrent Assets	0	0	47. Other Long-Term Liabilities	320,570	395,160
15. Deferred Charges	0	0	48. Other Deferred Credits	0	0
16. Jurisdictional Differences	0	0	49. Other Jurisdictional Differences	0	0
17. Total Noncurrent Assets (11 thru 16)	15,908,277	19,115,327	50. Total Other Liabilities and Deferred Credits (47 thru 49)	320,570	395,160
Plant, Property, and Equipment			Equity		
18. Telecom, Plant-in-Service	70,031,563	74,264,768	51. Cap. Stock Outstand. & Subscribed	0	0
19. Property Held for Future Use	0	0	52. Additional Paid-in Capital	0	0
20. Plant Under Construction	5,142,588	6,735,671	53. Treasury Stock	0	0
21. Plant Adj., Nonop. Plant & Goodwill	0	0	54. Membership and Cap. Certificates	6,580	6,580
22. Less Accumulated Depreciation	38,082,968	42,617,985	55. Other Capital	0	0
23. Net Plant (18 thru 21 less 22)	37,091,183	38,382,454	56. Patronage Capital Credits	36,041,427	36,861,159
24. Total Assets (10 + 17 + 23)	64,087,311	66,378,429	57. Retained Earnings or Margins	1,412,478	3,421,400
			58. Total Equity (51 thru 57)	37,460,485	40,289,139
			59. Total Liabilities and Equity (35 + 46 + 50 + 58)	64,087,311	66,378,429

USDA-RUS

BORROWER DESIGNATION

TN0545

**FINANCIAL AND STATISTICAL REPORT
FOR TELECOMMUNICATIONS BORROWERS**

PERIOD ENDING

12/2004

INSTRUCTIONS-See RUS Bulletin 1744

Part B. Statements of Income and Retained Earnings or Margins

Item	This Period (a)	This Year (b)	Last Year (c)
1. Local Network Services Revenues	0	4,337,505	4,315,608
2. Network Access Services Revenues	0	6,367,587	6,617,243
3. Long Distance Network Services Revenues	0	3,601,109	3,447,622
4. Carrier Billing and Collection Revenues	0	144,521	142,605
5. Miscellaneous Revenues	0	1,763,656	1,480,226
6. Uncollectible Revenues	0	0	0
7. Net Operating Revenues (1 thru 5 less 6)	0	16,214,378	16,003,304
8. Plant Specific Operations Expense	0	3,616,058	3,002,261
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	0	1,895,792	1,864,186
10. Depreciation Expense	0	4,835,626	4,670,993
11. Amortization Expense	0	0	0
12. Customer Operations Expense	0	2,202,548	2,026,146
13. Corporate Operations Expense	0	2,222,665	2,108,410
14. Total Operating Expenses (8 thru 13)	0	14,772,689	13,693,996
15. Operating Income or Margins (7 less 14)	0	1,441,689	2,309,308
16. Other Operating Income and Expenses	0	0	0
17. State and Local Taxes	0	413,563	440,385
18. Federal Income Taxes	0	0	0
19. Other Taxes	0	0	0
20. Total Operating Taxes (17 + 18 + 19)	0	413,563	440,385
21. Net Operating Income or Margins (15 + 16 - 20)	0	1,028,126	1,868,923
22. Interest on Funded Debt	0	978,579	1,053,664
23. Interest Expense - Capital Leases	0	0	0
24. Other Interest Expense	0	30,489	35,037
25. Allowance for Funds Used During Construction	0	187,219	186,563
26. Total Fixed Charges (22 + 23 + 24 - 25)	0	821,829	902,138
27. Nonoperating Net Income	0	94,683	147,297
28. Extraordinary Items	0	0	0
29. Jurisdictional Differences	0	0	0
30. Nonregulated Net Income	0	3,120,420	296,396
31. Total Net Income or Margins (21+27+28+29+30-26)	0	3,421,400	1,412,478
32. Total Taxes Based on Income	0	2,000	0
33. Retained Earnings or Margins Beginning-of-Year	0	1,412,478	2,991,157
34. Miscellaneous Credits Year-to-Date	0	13,226	22,500
35. Dividends Declared (Common)	0	0	0
36. Dividends Declared (Preferred)	0	0	0
37. Other Debits Year-to-Date	0	0	0
38. Transfers to Patronage Capital	0	1,425,704	3,013,657
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]	0	3,421,400	1,412,478
40. Patronage Capital Beginning-of-Year	0	36,041,427	33,465,206
41. Transfers to Patronage Capital	0	1,425,704	3,013,657
42. Patronage Capital Credits Retired	0	606,972	437,436
43. Patronage Capital End-of-Year (40+41-42)	0	36,861,159	36,041,427
44. Annual Debt Service Payments	0	978,579	1,053,664
45. Cash Ratio [(14+20-10-11) / 7]	0.0000	0.6384	0.5913
46. Operating Accrual Ratio [(14+20-26) / 7]	0.0000	0.9873	0.9396
47. TIER [(31 + 26) / 26]	0.0000	5.1600	2.5700
48. DSCR [(31+26+10+11) / 44]	0.0000	9.2800	6.6300

This form is void unless completed in accordance with the instructions on the reverse side. The information reported is confidential and is to be used only for the purposes stated on the reverse side. The information reported is confidential and is to be used only for the purposes stated on the reverse side. The information reported is confidential and is to be used only for the purposes stated on the reverse side.

USDA-RUS FINANCIAL AND STATISTICAL REPORT FOR TELECOMMUNICATIONS BORROWERS	This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et seq.) and may not be confidential. BORROWER NAME AND ADDRESS North Central Tel Coop Corp PO BOX 70 872 HIGHWAY 52 BYPASS EAST LAFAYETTE, TN 37083-	
INSTRUCTIONS-Submit report to RUS within 30 days after close of the period For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.	PERIOD ENDING 12/2005	BORROWER DESIGNATION TN0545

CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY 7 CFR PART 1768, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

 F. THOMAS ROWLAND, PRESIDENT AND CEO	03/14/2006 DATE	 SHELBY LINVILLE, SECRETARY/TREASURER	03/14/2006 DATE
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Part A. Balance Sheet					
	Balance Prior Year	Balance End of Period		Balance Prior Year	Balance End of Period
ASSETS			LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Assets			Current Liabilities		
1. Cash and Equivalents	6,232,907	7,800,821	26. Accounts Payable	572,771	982,728
2. Cash-RUS Construction Fund	89,845	1,320,073	28. Notes Payable	0	0
3. Affiliates:			27. Advance Billings and Payments	120,100	121,486
a. Telecom, Accounts Receivable	1,281,836	1,204,136	28. Customer Deposits	476,501	444,353
b. Other Accounts Receivable	0	0	29. Current Mat. L/T Debt	2,037,652	2,082,456
c. Notes Receivable	0	0	30. Current Mat. L/T Debt-Rur. Dev.	0	0
4. Non-Affiliates:			31. Current Mat. Capital Leases	0	0
a. Telecom, Accounts Receivable	876,078	48,718	32. Income Taxes Accrued	0	0
b. Other Accounts Receivable	0	0	33. Other Taxes Accrued	405,343	362,314
c. Notes Receivable	0	0	34. Other Current Liabilities	3,236,045	3,511,685
5. Interest and Dividends Receivable	0	0	35. Total Current Liabilities (25 thru 34)	6,852,412	7,605,032
6. Material-Regulated	187,345	210,531	Long-Term Debt		
7. Material-Nonregulated	88,402	79,583	36. Funded Debt-RUS Notes	18,841,718	21,958,211
8. Prepayments	0	0	37. Funded Debt-RTB Notes	0	0
9. Other Current Assets	124,235	54,815	38. Funded Debt-FFB Notes	0	0
10. Total Current Assets (1 thru 9)	8,880,648	10,719,687	39. Funded Debt-Other	0	0
Noncurrent Assets			40. Funded Debt-Rural Develop. Loan	0	0
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt	0	0
a. Rural Development	0	0	42. Recquired Debt	0	0
b. Nonrural Development	18,480,843	19,191,587	43. Obligations Under Capital Lease	0	0
12. Other Investments			44. Adv. From Affiliated Companies	0	0
a. Rural Development	0	0	45. Other Long-Term Debt	0	0
b. Nonrural Development	494,783	530,580	46. Total Long-Term Debt (36 thru 46)	18,841,718	21,958,211
13. Nonregulated Investments	139,701	87,702	Other Liab. & Def. Credits		
14. Other Noncurrent Assets	0	0	47. Other Long-Term Liabilities	395,160	623,391
15. Deferred Charges	0	0	48. Other Deferred Credits	0	0
16. Jurisdictional Differences	0	0	49. Other Jurisdictional Differences	0	0
17. Total Noncurrent Assets (11 thru 16)	19,115,327	19,809,869	50. Total Other Liabilities and Deferred Credits (47 thru 49)	395,160	623,391
Plant, Property, and Equipment			Equity		
18. Telecom, Plant-in-Service	74,264,768	75,833,554	51. Cap. Stock Outstand. & Subscribed	0	0
19. Property Held for Future Use	0	0	52. Additional Paid-in Capital	0	0
20. Plant Under Construction	6,735,671	7,363,088	53. Treasury Stock	0	0
21. Plant Adj., Nonop. Plant & Goodwill	0	0	54. Membership and Cap. Certificates	6,580	0
22. Less Accumulated Depreciation	42,617,985	42,887,022	55. Other Capital	0	0
23. Net Plant (18 thru 21 less 22)	38,382,454	40,329,620	56. Patronage Capital Credits	36,861,159	39,896,098
24. Total Assets (10 + 17 + 23)	66,378,429	70,859,176	57. Retained Earnings or Margins	3,421,400	1,076,444
			58. Total Equity (51 thru 67)	40,289,139	40,772,542
			59. Total Liabilities and Equity (36 + 46 + 50 + 58)	66,378,429	70,859,176

**FINANCIAL AND STATISTICAL REPORT
FOR TELECOMMUNICATIONS BORROWERS**

TN0545

PERIOD ENDING

12/2005

INSTRUCTIONS-See RUS Bulletin 1744-2

Part B. Statements of Income and Retained Earnings or Margins

Item	This Period (a)	This Year (b)	Last Year (c)
1. Local Network Services Revenues	0	4,345,690	4,337,505
2. Network Access Services Revenues	0	6,441,514	6,367,587
3. Long Distance Network Services Revenues	0	3,748,148	3,601,109
4. Carrier Billing and Collection Revenues	0	133,585	144,521
5. Miscellaneous Revenues	0	2,109,905	1,783,656
6. Uncollectible Revenues	0	0	0
7. Net Operating Revenues (1 thru 5 less 6)	0	16,778,842	16,214,378
8. Plant Specific Operations Expense	0	3,527,732	3,816,058
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	0	2,038,796	1,895,792
10. Depreciation Expense	0	5,129,976	4,835,626
11. Amortization Expense	0	0	0
12. Customer Operations Expense	0	2,328,210	2,202,648
13. Corporate Operations Expense	0	2,463,873	2,222,865
14. Total Operating Expenses (8 thru 13)	0	15,488,589	14,772,689
15. Operating Income or Margins (7 less 14)	0	1,290,253	1,441,689
16. Other Operating Income and Expenses	0	0	0
17. State and Local Taxes	0	371,463	413,563
18. Federal Income Taxes	0	0	0
19. Other Taxes	0	0	0
20. Total Operating Taxes (17 + 18 + 19)	0	371,463	413,563
21. Net Operating Income or Margins (15 + 16 - 20)	0	918,790	1,028,126
22. Interest on Funded Debt	0	902,046	978,579
23. Interest Expense - Capital Leases	0	0	0
24. Other Interest Expense	0	25,136	30,489
25. Allowance for Funds Used During Construction	0	202,559	187,219
26. Total Fixed Charges (22 + 23 + 24 - 25)	0	724,623	821,829
27. Nonoperating Net Income	0	120,591	94,683
28. Extraordinary Items	0	0	0
29. Jurisdictional Differences	0	0	0
30. Nonregulated Net Income	0	781,688	3,120,420
31. Total Net Income or Margins (21+27+28+29+30-26)	0	1,076,444	3,421,400
32. Total Taxes Based on Income	0	6,044	2,000
33. Retained Earnings or Margins Beginning-of-Year	0	3,421,400	1,412,478
34. Miscellaneous Credits Year-to-Date	0	11,403	13,226
35. Dividends Declared (Common)	0	0	0
36. Dividends Declared (Preferred)	0	0	0
37. Other Debits Year-to-Date	0	0	0
38. Transfers to Patronage Capital	0	3,432,803	1,425,704
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]	0	1,076,444	3,421,400
40. Patronage Capital Beginning-of-Year	0	36,861,159	36,041,427
41. Transfers to Patronage Capital	0	3,432,803	1,425,704
42. Patronage Capital Credits Retired	0	597,864	605,972
43. Patronage Capital End-of-Year (40+41-42)	0	39,696,098	36,861,159
44. Annual Debt Service Payments	0	902,046	978,579
45. Cash Ratio [(14+20-10-11) / 7]	0.0000	0.6395	0.6384
46. Operating Accrual Ratio [(14+20-28) / 7]	0.0000	0.9884	0.9873
47. TIER [(31 + 26) / 26]	0.0000	2.4900	5.1600
48. DSCR [(31+26-10+11) / 44]	0.0000	7.6800	9.2800

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0031. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.	
	BORROWER NAME North Central Tel Coop Corp (Prepared with Audited Data)	
INSTRUCTIONS-Submit report to RUS within 30 days after close of the period For detailed instructions, see RUS Bulletin 1744-3 Report in whole dollars only	PERIOD ENDING December, 2006	BORROWER DESIGNATION TN0545
CERTIFICATION We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief. ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES. DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII (Check one of the following)		
<input checked="" type="checkbox"/> All of the obligations under the RUS loan documents have been fulfilled in all material respects.		
<input type="checkbox"/> There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report.		
Fredrick Rowland	4/19/2007 DATE	

PART A. BALANCE SHEET					
ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
CURRENT ASSETS			CURRENT LIABILITIES		
1. Cash and Equivalents	7,800,831	6,422,332	25. Accounts Payable	982,728	1,828,903
2. Cash-RUS Construction Fund	1,320,073	1,205,493	26. Notes Payable	0	
3. Affiliates:			27. Advance Billings and Payments	121,496	120,242
a. Telecom, Accounts Receivable	1,204,136	1,031,351	28. Customer Deposits	444,353	447,803
b. Other Accounts Receivable	0		29. Current Mat. LT Debt	2,082,456	2,814,472
c. Notes Receivable	0		30. Current Mat. LT Debt-Rur. Dev.	0	
4. Non-Affiliates:			31. Current Mat.-Capital Leases	0	
a. Telecom, Accounts Receivable	49,718	106,392	32. Income Taxes Accrued	0	
b. Other Accounts Receivable	0		33. Other Taxes Accrued	362,314	473,620
c. Notes Receivable	0		34. Other Current Liabilities	3,511,685	4,399,873
5. Interest and Dividends Receivable	0		35. Total Current Liabilities (25 thru 34)	7,505,032	10,064,913
6. Material-Regulated	210,531	267,837	LONG-TERM DEBT		
7. Material-Nonregulated	79,593	77,471	36. Funded Debt-RUS Notes	21,958,211	26,673,460
8. Prepayments	0		37. Funded Debt-RTB Notes	0	
9. Other Current Assets	54,815	113,719	38. Funded Debt-FFB Notes	0	
10. Total Current Assets (1 Thru 9)	10,719,587	9,224,595	39. Funded Debt-Other	0	
NONCURRENT ASSETS			40. Funded Debt-Rural Develop. Loan	0	
11. Investment in Affiliated Companies			41. Premium (Discount) on LT Debt	0	
a. Rural Development	0		42. Recquired Debt	0	
b. Nonrural Development	19,191,587	20,821,391	43. Obligations Under Capital Lease	0	
12. Other Investments			44. Adv. From Affiliated Companies	0	
a. Rural Development	0		45. Other Long-Term Debt	0	
b. Nonrural Development	530,580	565,376	46. Total Long-Term Debt (36 thru 46)	21,958,211	26,673,460
13. Nonregulated Investments	87,702	1,453,787	OTHER LIAB. & DEF. CREDITS		
14. Other Noncurrent Assets	0		47. Other Long-Term Liabilities	623,391	1,217,242
15. Deferred Charges	0		48. Other Deferred Credits	0	
16. Jurisdictional Differences	0		49. Other Jurisdictional Differences	0	
17. Total Noncurrent Assets (11 thru 16)	19,809,869	22,840,554	50. Total Other Liabilities and Deferred Credits (47 thru 49)	623,391	1,217,242
PLANT, PROPERTY, AND EQUIPMENT			EQUITY		
18. Telecom, Plant-in-Service	75,833,554	79,856,576	61. Cap. Stock Outstanding & Subscribed	0	
19. Property Held for Future Use	0		62. Additional Paid-in-Capital	0	
20. Plant Under Construction	7,383,088	13,372,093	63. Treasury Stock	0	
21. Plant Adj., Nonop. Plant & Goodwill	0		64. Membership and Cap. Certificates	0	
22. Less Accumulated Depreciation	42,887,022	46,660,812	65. Other Capital	0	
23. Net Plant (18 thru 21 less 22)	40,329,620	46,567,857	66. Patronage Capital Credits	39,696,098	40,205,625
24. TOTAL ASSETS (10+17+23)			67. Retained Earnings or Margins	1,076,444	451,766
	70,859,176	78,633,006	68. Total Equity (61 thru 67)	40,772,542	40,657,391
			69. TOTAL LIABILITIES AND EQUITY (56+48+60+68)	70,859,176	78,633,006

Total Equity = 51.71% % of Total Assets

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION TN0545
INSTRUCTIONS- See RUS Bulletin 1744-2	PERIOD ENDING December, 2006

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS

ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues	4,345,690	4,346,782
2. Network Access Services Revenues	6,441,514	6,165,199
3. Long Distance Network Services Revenues	3,748,148	3,550,205
4. Carrier Billing and Collection Revenues	133,585	120,691
5. Miscellaneous Revenues	2,109,905	2,178,439
6. Uncollectible Revenues	0	110,567
7. Net Operating Revenues (1 thru 6 less 6)	16,776,842	16,250,749
8. Plant Specific Operations Expense	3,527,732	3,592,504
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	2,036,798	2,236,698
10. Depreciation Expense	5,129,976	5,339,421
11. Amortization Expense	0	0
12. Customer Operations Expense	2,328,210	2,263,832
13. Corporate Operations Expense	2,463,873	2,718,772
14. Total Operating Expenses (8 thru 13)	15,488,589	16,151,227
15. Operating Income or Margins (7 less 14)	1,290,253	99,522
16. Other Operating Income and Expenses	0	0
17. State and Local Taxes	371,463	402,808
18. Federal Income Taxes	0	0
19. Other Taxes	0	0
20. Total Operating Taxes (17+18+19)	371,463	402,808
21. Net Operating Income or Margins (15+16-20)	918,790	(303,286)
22. Interest on Funded Debt	902,046	977,799
23. Interest Expense - Capital Leases	0	0
24. Other Interest Expense	25,136	18,679
25. Allowance for Funds Used During Construction	202,559	120,300
26. Total Fixed Charges (22+23+24-25)	724,623	876,178
27. Nonoperating Net Income	120,591	366,898
28. Extraordinary Items	0	0
29. Jurisdictional Differences	0	0
30. Nonregulated Net Income	761,686	1,464,329
31. Total Net Income or Margins (21+27+28+29+30-26)	1,076,444	451,763
32. Total Taxes Based on Income	6,044	5,326
33. Retained Earnings or Margins Beginning-of-Year	3,421,400	1,076,444
34. Miscellaneous Credits Year-to-Date	11,403	0
35. Dividends Declared (Common)	0	0
36. Dividends Declared (Preferred)	0	0
37. Other Debits Year-to-Date	0	0
38. Transfers to Patronage Capital	3,432,803	1,076,441
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]	1,076,444	451,766
40. Patronage Capital Beginning-of-Year	36,861,159	39,696,098
41. Transfers to Patronage Capital	3,432,803	1,076,441
42. Patronage Capital Credits Retired	597,864	566,914
43. Patronage Capital End-of-Year (40+41-42)	39,696,098	40,205,625
44. Annual Debt Service Payments	902,046	977,799
45. Cash Ratio [(14+20-10-11) / 7]	0.6395	0.6901
46. Operating Accrual Ratio [(14+20+28) / 7]	0.9884	1.0726
47. TIER [(31+26) / 26]	2.4855	1.5156
48. DSCR [(31+26+10+11) / 44]	7.6837	6.8187

North Central Telephone Cooperative Corporation

	Base Period without increase	Base Period with increase
Income Statement		
Operating Revenues		
Local network services revenue	\$ 4,346,782	\$ 4,346,782
Network access service revenue	6,165,199	6,165,199
Long distance network services revenue	3,550,205	3,550,205
Miscellaneous revenue	2,299,130	2,299,130
Uncollectible revenue	(110,567)	(110,567)
Additional Revenues	-	842,052
Total Operating Revenues	\$ 16,250,749	\$ 17,092,801
Operating Expenses		
Plant specific operations expense	\$ 3,592,504	\$ 3,592,504
Plant non-specific operations expense	2,236,698	2,236,698
Provision for depreciation	5,339,421	5,339,421
Customer operations expense	2,263,832	2,263,832
Corporate operations expense	2,718,772	2,718,772
Operating taxes	402,808	402,808
Total Operating Expenses	\$ 16,554,035	\$ 16,554,035
Operating Income	\$ (303,286)	\$ 538,766
Fixed Charges		
Interest expense	\$ 996,478	\$ 996,478
Interest charged to construction - credit (12)	(120,300)	(120,300)
Total Fixed Charges	\$ 876,178	\$ 876,178
Income Before Taxes on Income	\$ (1,179,464)	\$ (337,412)
Taxes on Income	5,336	5,336
Net Income	\$ (1,184,800)	\$ (342,748)
TIER Calculation		
	(0.35)	0.61
Net Income (after taxes)	\$ (1,184,800)	\$ (342,748)
Interest expense	\$ 876,178	\$ 876,178
Net Income (after taxes) + Interest Expense	\$ (308,622)	\$ 533,430

NORTH CENTRAL TELEPHONE COOP., INC.

	JAN - 06	FEB - 06	MAR - 06	APR - 06	MAY - 06	JUN - 06	JUL - 06	AUG - 06	SEP - 06	OCT - 06	NOV - 06	DEC - 06	PERIOD TOTALS
5001	360,195.36	362,699.09	365,696.39	363,819.73	362,994.58	362,612.71	362,887.19	361,314.12	361,924.17	361,792.77	359,178.09	361,666.86	4,346,781.06
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5081	161,901.08	162,638.50	163,611.20	171,604.90	171,942.81	191,450.64	174,047.73	150,123.44	169,869.16	167,545.59	165,808.04	165,378.69	2,015,921.78
5082	180,048.45	257,198.27	247,385.96	213,274.31	239,027.76	229,466.03	214,306.77	213,065.37	238,516.43	228,600.50	217,942.58	237,120.85	2,715,953.28
5083	43,795.37	41,675.55	42,873.06	50,736.47	66,336.10	33,102.79	62,414.03	42,170.57	54,601.45	54,539.18	55,136.79	53,216.51	600,997.87
5083.1	95,060.60	103,884.00	112,287.35	101,237.12	30,729.06	47,530.71	53,288.93	55,430.84	57,004.08	56,761.28	59,950.39	59,561.89	832,726.25
5100	280,937.62	260,900.97	250,191.52	291,354.27	297,779.06	264,362.66	177,844.04	434,033.60	359,651.56	229,874.90	218,191.97	326,877.24	3,391,999.41
5122	5,898.54	22,917.31	13,096.24	13,983.59	12,928.85	12,373.83	12,373.83	18,222.78	15,644.42	19,225.03	13,307.93	12,779.78	158,204.33
5230	18,458.29	18,555.39	18,398.99	18,344.26	18,136.10	18,243.40	18,202.16	18,222.78	19,225.03	19,225.03	19,215.85	19,175.90	223,403.18
5261	6,608.64	6,505.59	7,283.09	6,655.25	6,570.73	7,239.79	6,440.45	6,922.18	7,163.69	6,675.77	7,128.08	7,020.67	82,213.93
5270	2,455.82	2,355.33	2,328.53	2,159.56	2,256.93	2,269.05	2,244.73	2,248.51	2,440.54	2,028.46	2,295.86	2,254.49	27,337.81
5270.1	7,475.27	7,985.05	7,726.42	7,430.97	7,896.62	8,252.53	7,948.97	7,885.99	8,179.11	7,627.88	7,765.01	7,179.27	93,353.09
5301	(2,500.00)	(3,397.52)	(2,500.00)	(2,500.00)	(2,500.00)	(2,169.91)	(2,500.00)	(2,500.00)	(2,500.00)	(2,500.00)	(2,500.00)	(2,500.00)	(110,567.43)
	1,299,509.62	1,382,945.40	1,367,051.77	1,388,981.00	1,373,685.60	1,325,256.75	1,246,404.25	1,459,535.34	1,448,112.11	1,302,492.82	1,270,898.80	1,395,873.04	16,250,747.00

6121	22,256.54	23,209.59	25,650.94	26,743.64	29,546.10	27,949.29	24,155.83	20,265.75	8,979.15	26,575.63	14,853.62	29,012.64	279,198.72
6123	320.29	443.37	1,044.67	503.20	4,028.62	2,399.13	520.15	607.83	631.25	1,315.07	329.28	0.00	12,142.86
6124	8,788.57	5,241.57	4,801.00	9,900.40	5,360.63	7,336.24	9,309.71	5,184.02	3,874.45	7,378.79	4,812.69	5,700.88	77,688.95
6212	68,631.25	73,475.31	92,482.81	108,538.43	78,074.55	74,408.49	60,629.59	108,944.56	100,844.83	82,337.10	81,883.78	145,277.53	1,075,523.23
62151	0.00	0.00	0.00	125.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	125.22
62152	341.15	55.97	224.29	154.75	86.13	220.02	110.08	863.99	259.22	81.23	410.05	564.70	3,371.58
62153	1,478.87	683.64	992.68	497.09	293.81	685.16	87.46	264.73	446.71	1,263.20	870.65	580.13	8,144.13
6231	0.00	0.00	69.00	108.00	143.00	200.00	550.10	200.00	441.00	369.50	200.00	261.50	2,542.10
6232	6,429.61	14,751.85	5,652.96	5,181.20	5,052.36	976.14	3,227.64	4,394.68	6,985.87	4,726.58	2,274.73	8,437.31	68,090.93
6411	5,905.32	57,799.19	65,111.16	74,587.38	66,009.43	57,584.17	58,018.01	57,372.15	63,082.55	56,707.69	55,540.41	106,211.01	723,928.47
6421	(30,854.12)	25,710.85	37,404.38	34,536.55	26,140.84	29,781.53	45,023.69	20,416.60	28,905.14	22,435.68	20,810.13	118,924.85	178,926.12
6421.1	12,474.55	9,761.31	13,070.02	12,184.46	12,478.48	12,594.54	10,644.27	12,173.67	14,841.31	10,410.13	10,861.18	36,917.54	168,411.46
6421.2	22,302.26	24,961.66	31,038.49	26,697.27	23,929.66	26,213.87	23,816.42	22,289.00	28,822.99	19,426.73	20,332.00	28,417.94	298,257.29
6421.3	418.12	56.29	0.00	1,755.68	2,321.03	5,573.37	6,780.12	2,579.35	340.16	3,182.47	107.78	6,098.72	29,213.09
6421.4	(28,025.49)	23,705.55	31,409.70	31,711.42	35,947.86	35,468.74	36,183.25	36,527.76	42,767.51	32,921.82	34,317.23	124,769.77	437,725.32
6423	3,866.10	4,967.44	3,685.08	2,642.10	669.86	2,548.14	2,947.07	796.33	1,761.51	1,680.87	1,529.20	1,951.47	28,904.69
6431	547.59	788.44	439.49	634.38	708.86	68.84	129.99	102.94	112.30	627.85	762.24	228.57	5,151.49
6512	13,988.84	17,149.89	16,006.68	17,559.39	18,183.10	19,379.37	20,371.81	22,388.09	21,271.22	20,410.52	18,146.62	3,084.06	21,566.95
6531	3,866.10	4,009.59	3,599.15	3,578.85	3,799.71	3,473.43	3,760.96	3,844.13	3,614.13	3,469.35	3,200.44	3,064.06	43,299.90
6532	30,232.97	29,341.92	34,212.39	29,512.26	30,317.11	31,487.59	26,483.05	26,633.22	39,003.02	27,564.45	28,544.97	57,754.04	391,096.99
6533	15,880.88	19,272.85	24,606.28	19,734.65	22,488.01	21,202.91	19,174.32	19,526.59	25,631.75	18,480.66	14,250.71	34,029.39	254,287.80
6533.1	4,139.88	3,585.75	3,467.55	5,147.67	3,802.14	4,408.80	5,278.10	3,236.41	6,167.64	3,365.10	4,593.22	6,140.32	57,422.35
6533.2	12,097.64	70,525.54	78,790.39	78,790.39	61,935.89	66,864.24	54,537.15	80,994.77	80,994.77	60,866.28	61,407.22	178,492.06	847,458.81
6535	30,889.66	32,462.15	27,073.53	32,462.15	39,044.72	32,251.20	45,102.84	31,592.74	31,963.19	34,140.08	32,639.21	41,211.51	411,550.64
6540	429,976.57	426,329.46	428,437.90	429,942.73	427,782.31	446,704.97	449,613.54	450,243.62	451,813.72	453,308.76	454,245.18	454,521.93	5,298,920.69
6561	1,145.45	1,245.60	1,907.07	1,393.08	1,382.17	1,259.93	969.88	1,147.87	1,534.69	1,196.38	1,269.43	2,444.41	16,895.96
6610	2,797.40	2,831.40	2,611.00	924.40	1,710.54	4,002.53	2,653.99	656.97	5,374.15	4,302.71	2,332.40	7,906.08	38,103.57
6613	228.72	228.72	228.72	228.72	228.72	228.72	228.72	228.72	228.72	228.72	228.72	228.72	2,744.64
6621	6,127.33	13,189.33	7,360.64	6,182.51	6,539.15	9,707.11	5,763.47	4,925.83	74,882.86	8,810.43	7,008.94	15,574.69	166,072.29

NORTH CENTRAL TELEPHONE COOP., INC.

	PERIOD												
	JAN - 06	FEB - 06	MAR - 06	APR - 06	MAY - 06	JUN - 06	JUL - 06	AUG - 06	SEP - 06	OCT - 06	NOV - 06	DEC - 06	TOTALS
6623 COMMERCIAL DEPARTMENT	153,823.15	163,590.63	208,520.04	155,844.68	161,113.59	162,604.68	143,545.24	133,154.22	176,297.09	147,936.24	132,800.16	301,286.13	2,040,015.85
6722 EXTERNAL RELATIONS	23,783.12	18,934.62	18,626.54	16,432.71	33,040.96	39,712.29	22,090.81	14,262.80	24,876.93	22,371.03	13,412.24	48,949.69	296,493.74
6711 EXECUTIVE DEPARTMENT	33,597.26	25,660.08	37,238.46	28,716.22	28,271.37	22,039.23	31,117.04	28,382.50	29,479.09	29,401.22	23,523.25	54,225.19	371,650.91
6711 DIRECTOR FEE/TRAVEL	27,298.73	27,463.80	13,950.85	12,817.81	22,786.96	14,893.35	20,299.65	32,023.59	11,312.28	15,730.14	10,405.52	32,306.53	241,289.21
6721 ACCOUNTING/FINANCE	27,804.69	41,766.28	43,909.91	26,530.82	42,152.90	29,360.22	24,165.42	44,034.16	39,172.05	28,666.96	26,924.23	59,393.88	433,881.52
6723 HUMAN RESOURCES	16,695.18	16,508.32	22,415.66	13,525.79	18,205.54	17,171.25	15,174.00	16,439.78	20,342.05	14,425.07	16,095.18	35,729.41	223,300.23
6724 COMPUTER INFO. MGT	9,238.25	6,694.77	17,262.88	13,693.61	9,872.69	10,812.54	9,153.79	10,731.78	12,171.45	10,816.92	9,675.28	14,606.99	134,730.95
6725 LEGAL EXPENSE	14,415.79	9,165.52	5,814.62	(39.63)	7,401.80	8,571.85	5,011.69	7,124.66	8,509.68	17,820.36	16,628.85	36,258.80	136,683.99
6726 PROCUREMENT EXPENSE	6,436.49	6,561.00	8,435.90	6,006.69	6,627.52	6,180.40	9,897.69	6,681.69	7,512.17	6,068.10	6,093.49	16,431.74	92,932.88
672818 INSURANCE BLDG./EQ	5,932.07	13,955.79	13,916.47	(1,793.06)	13,483.66	13,608.02	11,453.91	11,453.91	11,453.91	7,053.78	6,105.39	7,806.28	114,330.13
67280 OTHER EXPENSE	35,328.68	35,071.59	37,474.49	36,753.03	24,335.90	38,152.58	35,209.89	37,966.01	55,833.57	37,926.60	36,330.48	72,466.82	482,849.64
67281 ACCIDENT AND DAMAGE	0.00	748.50	0.00	0.00	0.00	456.05	2,979.77	0.00	0.00	0.00	413.21	0.00	4,597.53
67282 CO-OP DUES	30,853.58	967.04	2,915.86	15,917.04	(100.68)	172.18	146.43	426.15	0.00	124.85	13.66	426.75	51,862.86
67283 ANNUAL MEETING EXP	12.12	0.00	156.06	4,336.50	0.00	357.80	0.00	0.00	193.70	15,888.06	48,318.01	1,562.05	70,824.30
67284 CONVENTION/MTG EXP	1,382.57	3,542.11	7,183.85	4,317.46	1,340.78	21,465.76	7,256.09	1,689.06	1,920.84	1,990.70	4,226.58	7,048.31	63,344.11
7230 PROPERTY TAX	36,750.00	36,750.00	36,750.00	36,750.00	36,750.00	36,750.00	36,750.00	36,750.00	36,750.00	36,750.00	36,750.00	(42,916.01)	361,333.99
72401 KY GROSS RECEIPTS TAX	0.00	0.00	0.00	0.00	11,236.00	2,007.00	2,653.00	2,625.00	2,711.00	2,757.00	2,707.00	2,607.00	29,303.00
7510 INT. LONG TER. DEBT	75,186.20	74,613.69	72,723.90	69,625.31	94,314.90	74,678.86	63,957.50	90,916.74	91,671.83	102,519.04	116,135.10	51,456.29	977,799.36
7540 INT. ON DEPOSITS	485.99	795.49	485.11	427.97	476.59	6,156.12	2,482.30	588.75	1,517.52	2,284.94	2,121.06	856.94	18,678.78
TOTAL REGULATED EXPENSE	1,140,635.59	1,368,573.46	1,489,158.57	1,388,417.42	1,419,315.07	1,430,076.70	1,360,686.36	1,387,184.50	1,577,301.17	1,408,124.79	1,386,430.92	2,141,939.20	17,497,844.00
NET REGULATED INCOME	148,874.03	14,371.94	(122,106.80)	563.58	(45,629.47)	(104,819.95)	(114,282.11)	72,350.84	(129,189.06)	(105,631.97)	(115,532.12)	(746,066.16)	(1,247,097.25)
TOTAL NONREGULATED REV	64,003.39	61,618.32	64,743.42	62,383.00	64,995.01	61,422.43	60,695.15	61,753.28	68,119.86	71,384.03	64,407.08	61,486.42	767,011.39
TOTAL NONREGULATED EX	57,607.63	74,630.72	66,909.15	83,296.59	56,627.48	66,812.55	65,470.47	65,088.52	95,071.07	78,484.39	102,899.95	175,897.07	988,795.59
NET NONREG OPERATING INC	6,395.76	(13,012.40)	(2,165.73)	(20,913.59)	8,367.53	(5,390.12)	(4,775.32)	(3,335.24)	(26,951.21)	(7,100.36)	(38,492.87)	(114,410.65)	(221,784.20)
NONPERATING INCOME (EXP)	2,086.98	(575.09)	2,137.57	(3,894.72)	10,667.70	1,940.07	(1,071.57)	1,841.84	1,913.27	1,978.35	2,024.53	(3,234.93)	15,814.00
INTEREST/DIVIDEND/AFUDC INC	22,403.02	21,831.30	25,248.83	27,396.84	15,482.38	20,132.36	20,293.49	22,539.37	33,915.25	25,377.97	23,610.75	16,797.00	275,028.56
NONREGULATED INCOME (EXP)	0.00	0.00	0.00	0.00	0.00	0.00	109.30	109.30	109.30	109.30	109.30	(546.50)	0.00
TOTAL OTHER INCOME	24,490.00	21,256.21	27,386.40	23,502.12	26,150.08	22,072.43	19,331.22	24,490.51	35,937.82	27,465.62	25,744.58	13,015.57	290,842.56
PROJECTED NET MARGIN	179,759.79	22,615.75	(96,886.13)	3,152.11	(111,111.86)	(88,137.64)	(99,726.21)	93,506.11	(120,202.45)	(85,266.71)	(128,280.41)	(847,461.24)	(1,178,038.89)

BUDGET 2008
NORTH CENTRAL TELEPHONE COOP., INC.

ACCESS LINES	MONTHS												YEAR					
	JANUARY	FEBRUARY	MARCH	1ST QTR	APRIL	MAY	JUNE	2ND QTR	SIX MONTH	JULY	AUGUST	SEPT		3RD QTR	OCTOBER	NOVEMBER	DECEMBER	4TH QTR
5001 SUB STA REVENUE	\$392,724	\$392,249	\$392,249	\$1,177,222	\$393,546	\$393,272	\$393,519	\$1,176,337	\$2,355,539	\$399,948	\$398,761	\$397,885	\$1,196,594	\$397,337	\$396,461	\$395,697	\$1,191,455	\$4,681,608
5002 PROJECTED RATE INCREASES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5003 END USER ACCESS	\$168,187	\$167,984	\$167,984	\$504,155	\$168,539	\$168,426	\$168,519	\$504,464	\$1,668,042	\$169,820	\$169,645	\$169,781	\$509,246	\$169,880	\$169,704	\$169,834	\$509,319	\$1,678,563
5004 ACCESS REV-SWITCHED	\$321,182	\$322,910	\$322,910	\$971,002	\$325,653	\$325,496	\$325,653	\$971,702	\$2,952,551	\$327,456	\$327,262	\$327,456	\$982,174	\$327,910	\$327,607	\$327,607	\$982,824	\$2,952,551
5005 ACCESS REV-SPEC	\$47,478	\$47,474	\$47,474	\$142,308	\$47,588	\$47,581	\$47,581	\$142,656	\$432,782	\$47,107	\$46,948	\$46,831	\$140,886	\$46,831	\$46,756	\$46,831	\$140,364	\$432,782
5006 DSU - TRANSPORT FROM NCC	\$83,810	\$85,374	\$85,374	\$257,776	\$86,342	\$86,342	\$86,342	\$259,026	\$782,048	\$86,991	\$86,991	\$86,991	\$259,973	\$86,991	\$86,991	\$86,991	\$259,973	\$782,048
5008 1 DSU - TRANSPORT FROM NCC	\$257,776	\$257,776	\$257,776	\$773,640	\$258,448	\$258,448	\$258,448	\$775,344	\$2,357,344	\$259,224	\$259,224	\$259,224	\$777,672	\$259,224	\$259,224	\$259,224	\$777,672	\$2,357,344
5009 ACCESS REV-TOLLS	\$13,119	\$13,104	\$13,104	\$39,327	\$13,138	\$13,138	\$13,138	\$39,414	\$117,079	\$13,079	\$13,079	\$13,079	\$39,246	\$13,079	\$13,079	\$13,079	\$39,246	\$117,079
5100 ACCESS REV-EXC CARR	\$30,933	\$30,933	\$30,933	\$92,837	\$31,039	\$31,039	\$31,039	\$93,114	\$278,191	\$30,752	\$30,658	\$30,589	\$91,999	\$30,658	\$30,589	\$30,589	\$91,999	\$278,191
5122 DIRECTOR REVENUE	\$163,090	\$160,895	\$160,895	\$482,880	\$161,427	\$161,315	\$161,315	\$483,038	\$1,445,149	\$162,218	\$162,045	\$162,172	\$484,434	\$162,218	\$162,045	\$162,172	\$484,434	\$1,445,149
5230 MISC. REVENUE	\$7,528	\$7,518	\$7,518	\$22,564	\$7,543	\$7,543	\$7,543	\$22,585	\$67,709	\$7,474	\$7,452	\$7,452	\$22,386	\$7,452	\$7,435	\$7,435	\$22,386	\$67,709
5264 LATE PAYMENT FEES	\$2,151	\$2,148	\$2,148	\$6,447	\$2,155	\$2,154	\$2,154	\$6,453	\$19,361	\$2,144	\$2,129	\$2,129	\$6,436	\$2,129	\$2,122	\$2,122	\$6,436	\$19,361
5270 INTERSTATE B & C REV	\$7,312	\$7,304	\$7,304	\$21,920	\$7,328	\$7,323	\$7,323	\$21,941	\$65,481	\$7,281	\$7,268	\$7,268	\$21,813	\$7,268	\$7,259	\$7,259	\$21,813	\$65,481
52701 INTERSTATE B & C REV	(\$2,591)	(\$2,578)	(\$2,578)	(\$7,737)	(\$2,586)	(\$2,584)	(\$2,584)	(\$7,743)	(\$23,503)	(\$2,553)	(\$2,553)	(\$2,553)	(\$7,660)	(\$2,553)	(\$2,549)	(\$2,549)	(\$7,660)	(\$23,503)
5301 UNCOLLECT. REV.	\$1,491,059	\$1,395,031	\$1,396,559	\$4,282,649	\$1,402,355	\$1,473,091	\$1,488,494	\$4,343,940	\$8,626,589	\$1,464,607	\$1,462,241	\$1,461,385	\$4,388,213	\$1,461,439	\$1,460,359	\$1,459,533	\$4,381,131	\$17,296,133
TOTAL REGULATED REVENUE	\$1,910,860	\$207,720	\$199,057	\$58,857	\$19,120	\$19,105	\$19,021	\$57,246	\$18,103	\$18,944	\$20,550	\$18,844	\$58,338	\$18,817	\$18,774	\$18,735	\$58,225	\$230,766
6121 LAND AND BLDG. EXP.	\$1,760	\$2,047	\$1,758	\$5,564	\$1,764	\$1,763	\$1,755	\$5,282	\$10,846	\$1,748	\$2,032	\$1,739	\$5,518	\$1,737	\$1,733	\$1,729	\$5,518	\$230,766
6122 OFFICE EQUIP EXP	\$2,151	\$2,148	\$2,148	\$6,447	\$2,155	\$2,154	\$2,154	\$6,453	\$19,361	\$2,144	\$2,129	\$2,129	\$6,436	\$2,129	\$2,122	\$2,122	\$6,436	\$19,361
6124 GEN PURP COMPUTER EXP	\$91,984	\$102,922	\$91,871	\$286,777	\$92,178	\$92,113	\$91,898	\$275,990	\$862,767	\$91,327	\$90,839	\$90,839	\$271,780	\$90,839	\$90,709	\$90,502	\$271,780	\$862,767
6212 REPAIR DIGITAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6215 REPAIR TOLL-FEAS	\$1,451	\$1,803	\$1,451	\$4,706	\$1,451	\$1,451	\$1,451	\$4,354	\$9,660	\$1,451	\$1,451	\$1,451	\$4,354	\$1,451	\$1,451	\$1,451	\$4,354	\$9,660
6216 REPAIR SUB CARRIER	\$284	\$284	\$284	\$852	\$284	\$284	\$284	\$852	\$1,704	\$284	\$284	\$284	\$852	\$284	\$284	\$284	\$852	\$1,704
6217 REPAIR OF MOBILE PHONE	\$7,186	\$9,586	\$7,186	\$22,957	\$7,186	\$7,186	\$7,186	\$21,597	\$46,514	\$7,186	\$6,596	\$7,186	\$21,597	\$7,186	\$7,186	\$7,186	\$21,597	\$46,514
6221 BROADBAND EXPENSE	\$49,468	\$52,230	\$49,468	\$151,171	\$49,468	\$49,468	\$49,468	\$148,403	\$299,574	\$49,468	\$52,235	\$49,468	\$151,171	\$49,468	\$49,468	\$49,468	\$151,171	\$299,574
6222 POLE EXPENSE	\$18,600	\$23,230	\$18,600	\$60,450	\$18,600	\$18,600	\$18,600	\$55,800	\$116,250	\$18,600	\$23,230	\$18,600	\$60,450	\$18,600	\$18,600	\$18,600	\$60,450	\$116,250
6411 REPAIR AIRIAL CABLE	\$11,836	\$14,302	\$11,836	\$37,974	\$11,836	\$11,836	\$11,836	\$35,500	\$73,462	\$11,836	\$14,302	\$11,836	\$37,974	\$11,836	\$11,836	\$11,836	\$37,974	\$73,462
6421 RECORD DIBOP	\$21,780	\$26,003	\$21,780	\$69,542	\$21,780	\$21,780	\$21,780	\$65,340	\$134,942	\$21,780	\$26,003	\$21,780	\$69,542	\$21,780	\$21,780	\$21,780	\$69,542	\$134,942
64212 REPAIR FIBROPROTECTOR	\$210	\$240	\$210	\$660	\$210	\$210	\$210	\$630	\$1,260	\$210	\$240	\$210	\$660	\$210	\$210	\$210	\$660	\$1,260
64213 REPAIR FIBER OPTIC	\$31,208	\$38,295	\$31,169	\$100,672	\$31,274	\$31,252	\$31,110	\$93,617	\$184,310	\$31,252	\$31,110	\$31,110	\$93,617	\$31,252	\$31,110	\$31,110	\$93,617	\$184,310
6423 REPAIR AIRIAL WIRE	\$1,067	\$1,200	\$1,067	\$3,332	\$1,068	\$1,068	\$1,068	\$3,200	\$6,532	\$1,059	\$1,059	\$1,059	\$3,200	\$1,059	\$1,059	\$1,059	\$3,200	\$6,532
6431 SUPPLY EXPENSE	\$219	\$237	\$219	\$675	\$219	\$219	\$219	\$657	\$1,332	\$219	\$237	\$219	\$675	\$219	\$219	\$219	\$675	\$1,332
6512 POWER UTILITIES	\$19,548	\$19,548	\$19,548	\$58,688	\$19,613	\$19,613	\$19,613	\$58,724	\$117,382	\$19,613	\$23,5	\$19,613	\$58,138	\$19,613	\$19,613	\$19,613	\$58,138	\$117,382
6531 TRAFFIC/OPERATOR EXP	\$3,871	\$3,867	\$3,871	\$11,605	\$3,879	\$3,879	\$3,879	\$11,615	\$23,220	\$3,844	\$3,832	\$3,832	\$11,500	\$3,832	\$3,832	\$3,832	\$11,500	\$23,220
6533 TEST DESK COE	\$28,626	\$26,080	\$28,591	\$88,277	\$28,667	\$28,667	\$28,667	\$86,344	\$171,507	\$28,667	\$34,142	\$28,667	\$86,344	\$28,667	\$28,667	\$28,667	\$86,344	\$171,507
6533 TEST DESK COE	\$21,112	\$26,401	\$21,112	\$68,617	\$21,157	\$21,142	\$21,142	\$63,344	\$131,621	\$21,157	\$21,142	\$21,142	\$63,344	\$21,157	\$21,142	\$21,142	\$63,344	\$131,621
6533 TEST DESK CABLE	\$4,402	\$5,401	\$4,402	\$12,960	\$4,412	\$4,406	\$4,406	\$12,976	\$27,407	\$4,406	\$5,361	\$4,406	\$12,976	\$4,406	\$4,406	\$4,406	\$12,976	\$27,407
6533 ENGINEERING EXPENSE	\$60,729	\$43,177	\$60,554	\$164,450	\$43,177	\$43,290	\$43,097	\$129,207	\$259,291	\$43,097	\$42,697	\$42,697	\$128,415	\$42,697	\$42,697	\$42,697	\$128,415	\$259,291
6535 INTERCHANGE ACCESS	\$43,230	\$50,831	\$43,230	\$129,584	\$43,320	\$43,290	\$43,097	\$129,207	\$259,291	\$43,097	\$42,697	\$42,697	\$128,415	\$42,697	\$42,697	\$42,697	\$128,415	\$259,291
6561 DEPRECIATION EXPENSE	\$504,831	\$504,831	\$504,831	\$1,514,493	\$504,831	\$504,831	\$504,831	\$1,514,493	\$4,543,476	\$504,831	\$504,831	\$504,831	\$1,514,493	\$504,831	\$504,831	\$504,831	\$1,514,493	\$4,543,476
6610 MARKETING EXPENSE	\$10,794	\$11,202	\$10,794	\$32,191	\$10,794	\$10,794	\$10,794	\$32,383	\$65,174	\$10,794	\$12,451	\$10,794	\$32,383	\$10,794	\$10,794	\$10,794	\$32,383	\$65,174
6613 OTHER TRAFFIC EXP	\$2,451	\$2,451	\$2,451	\$7,352	\$2,451	\$2,451	\$2,451	\$7,352	\$14,703	\$2,451	\$2,451	\$2,451	\$7,352	\$2,451	\$2,451	\$2,451	\$7,352	\$14,703
6621 DIRECTOR EXPENSE	\$14,423	\$15,536	\$14,423	\$44,423	\$14,423	\$14,423	\$14,423	\$43,270	\$87,653	\$14,423	\$15,536	\$14,423	\$43,270	\$14,423	\$14,423	\$14,423	\$43,270	\$87,653
6622 COMMERCIAL DEPARTMENT	\$155,163	\$154,544	\$155,163	\$469,870	\$155,163	\$155,163	\$155,163	\$465,049	\$960,280	\$155,163	\$184,544	\$155,163	\$465,049	\$155,163	\$155,163	\$155,163	\$465,049	\$960,280
6623 EXTERNAL RELATIONS	\$21,221	\$22,653	\$21,221	\$65,095	\$21,221	\$21,221	\$21,221	\$63,664	\$128,759	\$21,221	\$22,653	\$21,221	\$65,095	\$21,221	\$21,221	\$21,221	\$65,095	\$128,759
6712 EXECUTIVE DEPARTMENT	\$28,986	\$28,986	\$28,986	\$86,957	\$28,986	\$28,986	\$28,986	\$86,957	\$173,914	\$28,986	\$36,295	\$28,986	\$86,957	\$28,986	\$28,986	\$28,986	\$86,957	\$173,914
6711 DIRECTOR FEETRAVEL	\$36,944	\$36,944	\$36,944	\$111,834	\$36,944	\$36,944	\$36,944	\$111,834	\$228,168	\$36,944	\$46,756	\$36,944	\$111,834	\$36,944	\$36,944	\$36,944	\$111,834	\$228,168
6721 ACCOUNTING/INVOICE	\$18,405	\$18,405	\$18,405	\$55,215	\$18,405	\$18,405	\$18,405	\$55,215	\$110,430	\$18,405	\$22,811	\$18,405	\$55,215	\$18,405	\$18,405	\$18,405	\$55,215	\$110,430
6726 HUMAN RESOURCES	\$18,405	\$18,405	\$18,405	\$55,215	\$18,405	\$18,405	\$18,405	\$55,215	\$110,430	\$18,405	\$22,811	\$18,405	\$55,215	\$18,405	\$18,405	\$18,405	\$55,215	\$110,430
6726 COMPUTER INFO MGT	\$37,420	\$37,420	\$37,420	\$112,260	\$37,420	\$37,420	\$37,420	\$112,260	\$224,520	\$37,420	\$48,226	\$37,420	\$112,260	\$37,420	\$37,420	\$37,420	\$112,260	\$224,520
6726 LEGAL EXPENSE	\$5,986	\$5,986	\$5,986	\$17,958	\$5,986	\$5,986	\$5,986	\$17,958	\$35,916	\$5,986	\$7,978	\$5,986	\$17,958	\$5,986	\$5,986	\$5,986	\$17,958	\$35,916
6726 PROUREMENT BLDG/ED	\$10,302	\$10,302	\$10,302	\$30,905	\$10,302	\$10,302	\$10,302	\$30,905	\$61,809	\$10,302	\$13,736	\$10,302	\$30,905	\$10,302	\$10,302	\$10,302	\$30,905	\$61,809
67280 INSURANCE BLDG/ED	\$41,806	\$42,946	\$41,806	\$126,558	\$41,806	\$41,806	\$41,806	\$125,417	\$251,									

BUDGET 2008
NORTH CENTRAL TELEPHONE COOP., INC.

	JANUARY	FEBRUARY	MARCH	1ST QTR	APRIL	MAY	JUNE	2ND QTR	SIX MONTH	JULY	AUGUST	SEPT	3RD QTR	OCTOBER	NOVEMBER	DECEMBER	4TH QTR	YEAR
ACCESS LINES	21507	21481	21481		21552	21537	21441			21355	21290	21242		21212	21164	21120		
ANNUAL MEETING EXP	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CONVENTIONAL MGTG EXP	\$4,409	\$4,580	\$4,409	\$13,398	\$4,409	\$4,409	\$4,409	\$13,227	\$26,625	\$4,409	\$4,580	\$4,409	\$13,398	\$20,000	\$45,000	\$15,000	\$80,000	\$80,000
PROPERTY TAX	\$36,750	\$36,750	\$36,750	\$110,250	\$36,750	\$36,750	\$36,750	\$110,250	\$220,500	\$36,750	\$36,750	\$36,750	\$110,250	\$36,750	\$36,750	\$36,750	\$110,250	\$33,250
KY GROSS RECEIPTS TAX	\$3,165	\$3,165	\$3,165	\$9,495	\$3,165	\$3,165	\$3,165	\$9,495	\$18,990	\$3,165	\$3,165	\$3,165	\$9,495	\$3,165	\$3,165	\$3,165	\$9,495	\$27,981
INT. LONG TERM DEBT	\$97,940	\$104,190	\$111,931	\$314,061	\$111,931	\$115,056	\$122,797	\$349,784	\$683,845	\$122,797	\$123,922	\$133,683	\$382,382	\$133,683	\$141,404	\$141,404	\$416,471	\$1,462,998
INT. ON DEPOSITS	\$2,345	\$2,345	\$2,345	\$7,035	\$2,345	\$2,345	\$2,345	\$7,035	\$14,071	\$2,345	\$2,345	\$2,345	\$7,035	\$2,345	\$2,345	\$2,345	\$7,035	\$28,142
TOTAL REGULATED EXPENSE	\$1,504,963	\$1,629,878	\$1,518,551	\$4,653,392	\$1,532,546	\$1,536,438	\$1,541,691	\$4,609,675	\$9,263,067	\$1,520,360	\$1,641,547	\$1,529,476	\$4,691,383	\$1,549,010	\$1,581,009	\$1,550,328	\$4,680,347	\$18,634,797
NET REGULATED INCOME	(\$13,904)	(\$234,847)	(\$121,992)	(\$370,743)	(\$130,191)	(\$62,347)	(\$73,197)	(\$265,735)	(\$636,478)	(\$55,753)	(\$179,308)	(\$68,111)	(\$303,170)	(\$87,571)	(\$120,650)	(\$90,795)	(\$299,019)	(\$1,238,664)
TOTAL NONREGULATED REV	\$57,651	\$57,651	\$57,651	\$172,953	\$57,651	\$57,651	\$57,651	\$172,953	\$345,906	\$57,651	\$57,651	\$57,651	\$172,953	\$57,651	\$57,651	\$57,651	\$172,953	\$691,811
TOTAL NONREGULATED EX	\$88,361	\$89,361	\$90,361	\$288,083	\$91,361	\$92,361	\$93,361	\$277,083	\$545,167	\$93,861	\$94,361	\$95,361	\$283,583	\$96,361	\$97,361	\$98,361	\$292,083	\$1,120,934
NET NONREG OPERATING INC	(\$30,710)	(\$31,710)	(\$32,710)	(\$95,131)	(\$33,710)	(\$34,710)	(\$35,710)	(\$104,131)	(\$199,261)	(\$36,210)	(\$36,710)	(\$37,710)	(\$110,631)	(\$38,710)	(\$39,710)	(\$40,710)	(\$119,131)	(\$429,022)
NONOPERATING INCOME (EXP)	\$1,763	\$1,763	\$1,763	\$5,289	\$1,763	\$1,763	\$1,763	\$5,289	\$10,577	\$1,763	\$1,763	\$1,763	\$5,289	\$1,763	\$1,763	\$1,763	\$5,289	\$21,154
INTEREST DIVIDEND/FUDC INC	\$22,223	\$22,223	\$22,223	\$66,668	\$22,223	\$22,223	\$22,223	\$66,668	\$133,335	\$22,223	\$22,223	\$22,223	\$66,668	\$22,223	\$22,223	\$22,223	\$66,668	\$266,671
NONREGULATED INCOME (EXP)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL OTHER INCOME	\$23,985	\$23,985	\$23,985	\$71,956	\$23,985	\$23,985	\$23,985	\$71,956	\$143,913	\$23,985	\$23,985	\$23,985	\$71,956	\$23,985	\$23,985	\$23,985	\$71,956	\$287,825
NET MARGIN	(\$30,629)	(\$242,572)	(\$130,717)	(\$393,918)	(\$138,916)	(\$73,072)	(\$84,922)	(\$297,909)	(\$691,827)	(\$67,978)	(\$192,031)	(\$81,836)	(\$341,845)	(\$102,296)	(\$136,375)	(\$107,520)	(\$346,190)	(\$1,379,862)

STATEMENTS OF INCOME AND PATRONAGE CAPITAL

NORTH CENTRAL TELEPHONE COOPERATIVE CORPORATION

For the years ended December 31, 2006 and 2005

	2006	2005
Operating revenues:		
Local network services revenue	\$ 4,346,781	\$ 4,345,690
Network access services revenue	6,165,199	6,441,514
Long distance network services revenue	3,550,204	3,748,148
Miscellaneous revenue	2,299,130	2,243,490
Less: Uncollectible revenue	(110,567)	0
TOTAL OPERATING REVENUES	\$ 16,250,747	\$ 16,778,842
Operating expenses:		
Plant specific operations expense	\$ 3,592,504	\$ 3,527,732
Plant nonspecific operations expense	2,236,699	2,038,798
Provision for depreciation	5,339,421	5,129,976
Customer operations expense	2,263,832	2,328,210
Corporate operations expense	2,718,772	2,463,873
Operating taxes	402,808	371,463
TOTAL OPERATING EXPENSES	\$ 16,554,036	\$ 15,860,052
OPERATING INCOME	\$ (303,289)	\$ 918,790
Other income:		
Gain on sale of property and equipment	\$ 0	\$ 109,365
Income from subsidiary	1,629,803	710,744
Interest and dividend	166,898	120,591
Nonregulated loss	(160,135)	(52,379)
TOTAL OTHER INCOME	\$ 1,636,566	\$ 888,321
Fixed charges:		
Interest expense	\$ 996,478	\$ 927,182
Interest charged to construction - credit	(120,300)	(202,559)
Non-operating federal income taxes	5,336	6,044
TOTAL FIXED CHARGES	\$ 881,514	\$ 730,667
NET INCOME	\$ 451,763	\$ 1,076,444
Patronage capital at beginning of year	40,772,542	40,282,559
Capital credits paid and applied	(566,914)	(597,864)
Excise tax refundable (payable) on capital credits	0	11,403
PATRONAGE CAPITAL AT END OF YEAR	\$ 40,657,391	\$ 40,772,542

STATEMENTS OF CASH FLOWS

NORTH CENTRAL TELEPHONE COOPERATIVE CORPORATION

For the years ended December 31, 2006 and 2005

	2006	2005
Cash flows from operating activities:		
Cash received from customers	\$ 17,155,020	\$17,679,286
Cash paid to suppliers and employees	(10,900,225)	(10,773,066)
Interest received	166,898	120,591
Interest paid	(890,782)	(736,689)
Taxes paid	(296,838)	(420,536)
	<u>5,234,073</u>	<u>5,869,586</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 5,234,073	\$ 5,869,586
Cash flows from investing activities:		
Construction and acquisition of plant	\$ (11,366,524)	\$ (6,877,682)
Investment in nonregulated CPE	(1,363,960)	60,805
Plant removal costs	(276,328)	(305,459)
Salvage	0	24,114
Decrease (Increase) in:		
Materials and supplies	(57,306)	(23,186)
Temporary investments	(575,037)	197,384
Other investments	(34,802)	(35,791)
Cash received from sale of property and equipment	0	125,000
	<u>(13,673,957)</u>	<u>(6,834,815)</u>
NET CASH USED BY INVESTING ACTIVITIES	\$ (13,673,957)	\$ (6,834,815)
Cash flows from financing activities:		
Debt proceeds	\$ 8,127,715	\$ 5,144,588
Payments on long-term borrowings	(2,680,449)	(1,983,291)
Decrease in memberships	0	(6,580)
Excise credit applied to capital	0	11,403
Retirement of capital credits	(566,914)	(597,864)
Postretirement benefits other than pension	593,851	228,231
Advances (to) from subsidiary	894,125	1,198,416
Decrease in customer deposits	3,450	(34,148)
	<u>6,371,778</u>	<u>3,960,755</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	\$ 6,371,778	\$ 3,960,755
NET INCREASE (DECREASE) IN CASH	\$ (2,068,106)	\$ 2,995,526
CASH AT BEGINNING OF YEAR	7,325,931	4,330,405
CASH AT END OF YEAR	<u>\$ 5,257,825</u>	<u>\$ 7,325,931</u>

STATEMENTS OF CASH FLOWS (CONT'D)

NORTH CENTRAL TELEPHONE COOPERATIVE CORPORATION

For the years ended December 31, 2006 and 2005

	2006	2005
Net income	\$ 451,763	\$ 1,076,444
Less income from subsidiary	(1,629,801)	(710,744)
Gain on sale of property and equipment	<u>0</u>	<u>(109,365)</u>
Net income from regulated operations	\$(1,178,038)	\$ 256,335
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	\$ 5,404,614	\$ 5,196,226
Decrease (Increase) in:		
Customer and accounts receivable	116,111	68,477
Current and accrued assets - other	(58,904)	69,420
Increase (Decrease) in:		
Accounts payable	846,175	409,957
Advanced billings and payments	(1,254)	1,396
Accrued taxes	111,306	(43,029)
Accrued interest	(14,604)	(12,066)
Accrued rents	2,243	108,363
Accrued salaries and employee benefits	65,221	18,311
Other current liabilities	<u>(58,797)</u>	<u>(203,801)</u>
TOTAL ADJUSTMENTS	<u>\$ 6,412,111</u>	<u>\$ 5,613,254</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 5,234,073</u>	<u>\$ 5,869,589</u>

SHEETS

COOPERATIVE CORPORATION

and 2005

BALANCE

NORTH CENTRAL TELEPHONE

December 31, 2006

	2006	2005
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash - general	\$ 4,052,332	\$ 6,005,858
Cash - construction funds	1,205,493	1,320,073
Temporary cash investments	2,370,000	1,794,963
Telecommunications accounts receivable, less allowances of \$83,923 in 2006 and \$66,161 in 2005	1,031,351	1,204,136
Other accounts receivable	106,392	49,718
Materials and supplies	267,837	210,531
Other current assets	113,719	54,815
TOTAL CURRENT ASSETS	\$ 9,147,124	\$ 10,640,094
<u>NONCURRENT ASSETS</u>		
Investment in subsidiary	\$ 20,821,391	\$ 19,191,590
Investments	565,376	530,574
Nonregulated investments	1,531,258	167,298
TOTAL NONCURRENT ASSETS	\$ 22,918,025	\$ 19,889,462
<u>PROPERTY, PLANT AND EQUIPMENT</u>		
Telecommunications plant in service	\$ 79,856,576	\$ 75,833,554
Telecommunications plant under construction	13,372,093	7,383,088
Less accumulated provision for depreciation	\$ 93,228,669	\$ 83,216,642
	46,660,812	42,887,022
TOTAL PROPERTY, PLANT AND EQUIPMENT	\$ 46,567,857	\$ 40,329,620
	<u>\$ 78,633,006</u>	<u>\$ 70,859,176</u>
<u>LIABILITIES AND MEMBERS' EQUITY</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 1,828,903	\$ 982,728
Advanced billings and payments	120,242	121,496
Advances to affiliated company	1,256,938	362,833
Customer deposits	447,803	444,353
Current maturities on long-term debt	2,814,472	2,082,456
Accrued taxes	473,620	362,314
Accrued interest	104,540	119,144
Accrued rents	465,127	462,884
Accrued salaries and wages	206,577	204,070
Accrued vacation and sick leave benefits	2,028,305	1,965,591
Other current liabilities	338,366	397,163
TOTAL CURRENT LIABILITIES	\$ 10,084,913	\$ 7,505,032
<u>LONG TERM DEBT</u>		
Rural Utilities Service	26,673,460	21,958,211
TOTAL LONG TERM DEBT	26,673,460	21,958,211
<u>OTHER LIABILITIES</u>		
Postretirement benefits other than pension	1,217,242	623,391
TOTAL OTHER LIABILITIES	1,217,242	623,391
TOTAL LIABILITIES	\$ 37,975,615	\$ 30,086,634
<u>MEMBERS' EQUITY</u>		
Patronage capital	40,657,391	40,772,542
TOTAL MEMBERS' EQUITY	\$ 40,657,391	\$ 40,772,542
	<u>\$ 78,633,006</u>	<u>\$ 70,859,176</u>

#17

NORTH CENTRAL TELEPHONE COOPERATIVE, INC.
DEPRECIATION ANALYSIS - FINAL
JANUARY - DECEMBER 2006

Account Number	Beginning Balance 1/1/2006	Depreciation Expense	Retirements	Removal Costs	Salvage Value	Adjustments	Ending Balance 12/31/2006	Account Description
2112.2	1,365,264.97	188,426.70	-	-	-	(91,963.89)	1,461,727.18	Transportation Equipment
2115	121,074.45	14,183.53	-	-	-	-	135,257.98	Other Work Equip. (Garage)
2116	606,507.49	62,472.56	-	-	-	-	688,980.05	Other Work Equipment
2121	1,705,148.16	143,087.12	-	-	-	-	1,848,235.28	Buildings
2122	176,355.02	20,807.52	-	-	-	-	197,162.54	Furniture
2123.1	172,333.00	19,739.41	21,048.88	-	-	-	171,023.75	Office Support Equipment
2123.2	172,192.84	36,045.54	-	-	-	-	208,238.38	Company Comm. Equipment
2124	871,847.17	144,426.42	-	-	-	-	816,273.59	Data Processing
2124.1	16,832.12	-	-	-	-	-	16,832.12	Computer Graphics Eng.
2212	4,280,131.34	795,617.63	-	-	-	-	5,085,748.97	Digital Electronic Switch
2212.2	276,108.80	25,102.80	-	-	-	-	301,211.60	Emergency Generators
2231.1	49,152.67	-	-	-	-	-	49,152.67	Radio Systems - Other
2232	1,983,232.63	436,084.03	-	-	-	-	2,399,316.66	COE - Truck Camer - Toll
2232.1	(107,872.62)	18,000.00	-	-	-	91,963.89	2,091.27	Subscriber Carrier System
2232.2	3,570,408.87	568,201.73	-	-	-	-	4,128,610.60	DSU-Concentrators
2232.3	433,168.92	264,230.20	-	-	-	-	697,397.12	DSL Equipment
2232.4	4,831.70	17,898.75	-	-	-	-	22,730.45	Broadband Equip - BDT
2411	2,333,873.44	272,902.94	505,778.10	72,849.40	-	-	2,027,948.88	Pole Lines
2421.0	1,862,100.47	209,654.83	283,556.08	40.00	-	-	1,788,159.22	Station Connections - Drop
2421.1	12,287,183.17	1,118,196.08	487,094.20	159,185.26	-	13,965.85	12,793,088.62	Aerial Cable - Metallic

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NORTH CENTRAL TELEPHONE COOPERATIVE, INC.
 DEPRECIATION ANALYSIS - FINAL
 JANUARY - DECEMBER 2006

Account Number	Beginning Balance 1/1/2006	Depreciation Expense	Retirements	Removal Costs	Salvage Value	Adjustments	Ending Balance 12/31/2006	Account Description
2421.2	808,799.65	114,037.42	976.40	4,856.35	-	-	917,004.32	Aerial Cable - Fiber Optic
2422.1	254,624.78	20,760.18	-	-	-	-	275,384.96	Underground Cable - Metallic
2422.2	11,501.38	1,167.24	-	-	-	-	12,668.62	Underground Cable - Fiber Optic
2423.1	6,536,620.51	741,425.01	64,110.14	18,550.21	-	-	9,195,285.17	Buried Cable - metallic
2423.2	598,185.55	87,814.76	5,996.84	-	-	-	678,103.47	Buried Cable - Fiber Optic
2431	648,550.10	89,758.87	20,003.14	20,746.79	-	-	668,569.04	Aerial Wire
2441	60,059.11	4,573.20	-	-	-	-	64,631.31	Underground Conduit
Total	42,887,022.09	5,404,814.45	1,368,463.58	276,328.01	-	13,868.85	46,660,811.82	

5,404,814.45

Difference

YTD Accumulated Depreciation Analysis

	Ending Balance	GL Balance	Difference
3100.1	5,529,730.87	5,523,730.87	-
3100.2	12,686,259.34	12,686,259.34	-
3100.3	-	-	-
3100.4	28,450,821.61	28,450,821.61	-
Total	46,660,811.82	46,660,811.82	-



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

October 2, 1997

TO: All Incumbent Local Exchange Telephone Utilities ("LEC") under the jurisdiction of the Public Service Commission of Kentucky who are eligible to consider the Commission's 1997 Average Depreciation Schedule.

RE: 1997 Average Depreciation Schedule

Gentlemen:

As you are aware, 807 KAR 5:064, Section 8, of the Commission's Regulations specifies that the Commission issue a proposed Average Depreciation Schedule for consideration by all LEC's who do not normally perform their own depreciation studies. Our records indicate that your utility is eligible to accept the 1997 Average Schedule which has been accepted by the Commission and is attached for your consideration.

This schedule is based upon utilizing the Straight-Line Method, Broad Group Procedure, and the Whole Life Technique to arrive at Average Service Life and Average Net Salvage Parameters. If your utility chooses to accept this schedule, the effective booking date will be January 1, 1998. If you choose to reject this schedule you have the option of either retaining your existing depreciation rates and waiting for the next average schedule to be issued, or conducting your own depreciation study according to the guidelines set out in the subject regulation.

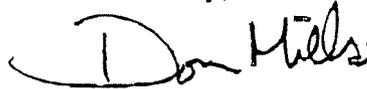
For those LEC's choosing to accept this schedule, the depreciation rates for each account/subaccount will remain in effect for at least three years (e.g., you will only be allowed to accept a schedule one time in any three-year period). Moreover, no depreciation rate for any of your accounts/subaccounts may be higher than those specified in the schedule. You may, however, choose to use depreciation rates for individual accounts/subaccounts which are lower than those shown on the schedule. You are also required to separate your accounts/subaccounts to correspond to those indicated on the schedule.

Please notify this office, in writing, of your decision to either accept or reject the proposed schedule by November 14, 1997. Further, if you accept this schedule, you must provide a summary statement showing each of your plant accounts/subaccounts, the gross investment and reserve for each, and the resulting annual expense accrual for

each category. Investments and reserve amounts should be based upon your most currently available information.

Should you have any questions relative to this matter, please contact Wayne Bates of our Engineering Division at (502) 564-3940, Ext. 416.

Sincerely,



Don Mills
Executive Director

Attachments

cc: ALLTEL Kentucky, Inc.
Ballard Rural Telephone Cooperative Corporation, Inc.
Brandenburg Telephone Company, Inc.
Duo County Telephone Cooperative Corporation, Inc.
Foothills Rural Telephone Cooperative Corporation, Inc.
Harold Telephone Company, Inc.
Highland Telephone Cooperative, Inc.
Leslie County Telephone Company, Inc.
Lewisport Telephone Company, Inc.
Logan Telephone Cooperative, Inc.
Mountain Rural Telephone Corporation
North Central Telephone Cooperative, Inc.
Peoples Rural Telephone Cooperative Corporation, Inc.
Salem Telephone Company
South Central Rural Telephone Cooperative Corporation, Inc.
Thacker-Grigsby Telephone Company, Inc.
West Kentucky Rural Telephone Cooperative Corporation, Inc.

1997 AVERAGE DEPRECIATION SCHEDULE

Account Number	Plant Category	Average Service Life (Years)	Average Net Salvage (%)	Depreciation Rate (%)
2112.0	Motor Vehicles			
2112.1	Motor Vehicles - Light	7.0	15.0	12.1
2112.2	Motor Vehicles - Heavy	8.4	15.0	10.1
2116.0	Special Vehicles and Other Work Equipment	13.0	3.0	7.5
2121.0	Buildings	38.0	-1.0	2.7
2122.0	Furniture	10.8	6.0	8.7
2123.0	Office Equipment			
2123.1	Office Support Equipment	12.0	10.0	7.5
2123.2	Official Communications Equipment	6.0	10.0	15.0
2124.0	General Purpose Computers	5.9	7.0	15.8
2211.0	Analog Electronic Switching	8.1	5.0	11.7
2212.0	Digital Electronic Switching	13.0	3.0	7.5
2215.0	Electromechanical Switching			
2215.1	Step By Step	7.0	-10.0	15.7
2215.2	Crossbar	5.0	-10.0	22.0

1997 AVERAGE DEPRECIATION SCHEDULE

Account Number	Plant Category	Average Service Life (Years)	Average Net Salvage (%)	Depreciation Rate (%)
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2220.0	Operator Systems	9.8	4.0	9.8
2231.0	Radio Systems	11.0	0.0	9.1
2232.0	Circuit Equipment			
2232.1	Analog	10.0	0.0	10.0
2232.2	Digital	8.0	5.0	11.9
2311.0	Station Apparatus	6.4	4.0	15.0
2341.0	Large PBX	6.0	-3.0	17.2
2351.0	Public Telephone	0.0	0.0	0.0
2362.0	Other Terminal Equipment	6.0	5.0	15.8
2411.0	Poles	26.0	-45.0	5.6
2421.0	Aerial Cable			
2421.1	Metallic	17.0	-13.0	6.6
2421.2	Fiber	22.0	-13.0	5.1
2422.0	Underground Cable			
2422.1	Metallic	25.0	-25.0	5.0
2422.2	Fiber	22.0	-10.0	5.0
2423.0	Buried Cable			

1997 AVERAGE DEPRECIATION SCHEDULE

Account Number	Plant Category	Average Service Life (Years)	Average Net Salvage (%)	Depreciation Rate (%)
2423.1	Metallic	20.0	-10.0	5.5
2423.2	Fiber	20.0	-2.0	5.1
2424.0	Submarine Cable	27.0	-1.0	3.7
2426.0	Intra-Building Network Cable			
2426.1	Metallic	20.0	-1.0	5.1
2426.2	Fiber	20.0	-1.0	5.1
2431.0	Aerial Wire	14.0	-31.0	9.4
2441.0	Conduit Systems	50.0	-8.0	2.2

Rates accepted by the Public Service Commission of Kentucky for use on and after January 1, 1998.

North Central Telephone Cooperative
Investment in Sub
12/31/2006

North Central Communications Inc. was formed on January 1, 1998. The initial investment was \$8,100,000. This was not cash, it was the transfer of assets for common stock.

		Investment	Earnings	Balance
Initial investment	1/1/1997	8,100,000		8,100,000
Subsidiary earnings	12/31/1998		1,307,781	9,407,781
Subsidiary earnings	12/31/1999		1,535,943	10,943,724
Subsidiary earnings	12/31/2000		2,132,147	13,075,871
Subsidiary earnings	12/31/2001		1,095,596	14,171,467
Subsidiary earnings	12/31/2002		692,396	14,863,863
Subsidiary earnings	12/31/2003		469,817	15,333,680
Subsidiary earnings	12/31/2004		3,147,163	18,480,843
Subsidiary earnings	12/31/2005		710,744	19,191,587
Subsidiary earnings	12/31/2006	<u>0</u>	<u>1,629,803</u>	<u>20,821,390</u>
	Totals	8,100,000	12,721,390	

North Central Telephone Cooperative and North Central Communications' officers in 2005 and 2006:

President and CEO - F. Thomas Rowland
Chairman of the Board - Jerry Kirby
Vice President - Dewey McCall
Secretary/Treasurer - Shelvy Linville

The officers have not received any compensation from North Central Communications, Inc. The amount of compensation the officers received from North Central Telephone Cooperative Corporation in 2005 and 2006 is provided on the attached spreadsheets.

NORTH CENTRAL TELEPHONE
 SUMMARY OF OFFICER'S COMPENSATION FOR 2005

1099 EARNINGS	TITLE	NAME	(BOX 4)		MEETING	+	GROUP HEALTH	-	LONGTERM	CARE LTC	PORTION	NONEMPLOYEE
			FIT WITHHELD	FEEES								
	BOARD CHAIRMAN	JERRY KIRBY	\$0.00	\$3,000.00	\$13,056.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$16,056.00	(BOX 7)
	VICE CHAIRMAN	DEWEY MCCALL	\$0.00	\$4,400.00	\$17,952.00	\$638.16	\$120.00	\$0.00	\$0.00	\$0.00	\$21,833.84	
	SECRETARY/TREA	SHELVY LINVILLE	\$0.00	\$4,400.00	\$13,056.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$17,456.00	

W-2 EARNINGS PRESIDENT/CEO F. THOMAS ROWLAND (BOX 1)
 WAGES \$170,680.42

 \$226,026.26

NORTH CENTRAL TELEPHONE
 SUMMARY OF OFFICER'S COMPENSATION FOR 2006

1099 EARNINGS	TITLE	NAME	(BOX 4) FIT WITHHELD	MEETING FEES	+	GROUP HEALTH INSURANCE	-	LONGTERM CARE PREMIUM	+	LTC PORTION PD BY NCTC	=	(BOX 7) NONEMPLOYEE COMPENSATION
	BOARD CHAIRMAN	JERRY KIRBY	\$0.00	\$5,200.00		\$14,424.00		\$0.00		\$0.00		\$19,624.00
	VICE CHAIRMAN	DEWEY MCCALL	\$0.00	\$4,800.00		\$19,836.00		\$319.08		\$120.00		\$24,436.92
	SECRETARY/TREA	SHELVEY LINVILLE	\$0.00	\$4,000.00		\$14,424.00		\$0.00		\$0.00		\$18,424.00

W-2 EARNINGS	TITLE	NAME										(BOX 1) WAGES
	PRESIDENT/CEO	F. THOMAS ROWLAND										\$178,907.38

 \$241,392.30

CUSTOMER BILLING AND RELATED BILLING SERVICES AGREEMENT

This Customer Billing and Related Billing Service Agreement ("Agreement") is entered into this _____ day of _____, 1997, by and between BLUEGRASS TELECOM LLC and NORTH CENTRAL TELEPHONE COOPERATIVE, INC. ("LEC"), Lafayette, Tennessee..

1. Definitions.

- a. "Agreement" shall mean this Customer Billing and Related Billing Services Agreement, including all Exhibits hereto.
- b. "LEC" shall mean the Local Exchange Company executing this Agreement.
- c. "Services" shall mean billing and related services provided to Bluegrass Telecom by the LEC.

2. Services To Be Provided by the Telco.

- a. Recording the ANI, connect time, disconnect time and other call detail information necessary to establish a charge(s) for a long distance call(s) dialed by end users of the customer's service, where technically feasible.
- b. The rating of all direct dialed and other company recorded calls for all domestic and international calls made by the Customer's end user(s), at rates equal to the Customer's appropriate tariff rates.
- c. The incorporation and printing of the Customer's rated messages into the toll portion of the local services bills of the Telco.
- d. The inclusion of the Customer's name and logo (if technically feasible) as the provider of long distance services appearing on the Telco's end user bills.
- e. The handling of the Customer's end user billing inquiries, and the application of any Customer end user adjustments that may be appropriate in the opinion of the Telco. Any such billing adjustments made in a given month will be reflected as an adjustment to the billable revenues due Bluegrass Telecom.
- f. Collections of any of the unpaid long distance service charges billed to a Customer's end user on the Telco's bill on behalf of the Customer.

3. Obligations of the Telco.

- a. The Telco will attempt to bill and collect all of the Customer's end user charges with the same diligence it uses to collect its own charges for local services.
- b. Upon mutual agreement, the Telco will make available to the Customer specified records of the Telco's end users for use by the Customer. Such use can include, but is not limited to: verification of the Customer's end user billing, audit of credits, collections services and marketing. The Telco will make a reasonable effort to comply with such Customer requests for information in a timely manner.
- c. The Telco will not be responsible for any uncollectible long distance revenues. After the Telco has made a reasonable effort to collect revenues from the Customer's end user(s), and the Customer's end user(s) fail to make payment of the long distance charges, the Telco will make the appropriate adjustment(s) to the Customer's following month's receivables to credit the uncollectibles back to the Telco from the Customer.
- d. The Telco will also not be responsible for any fraudulent use of the Customer's credit or calling cards, or for calls fraudulently placed by or to third parties. Such amounts, when identified, will be adjusted by the Telco to the Customer's receivable account in the month following identification.
- e. The Telco may net the billed toll revenue against charges for access and billing and collection at their option. Detailed reports for billed revenues and all access and billing and collection charges must be submitted by the Telco monthly. Payments and settlements due each party are due within thirty (30) days of the bill or settlement date.

4. Obligations of the Customer.

- a. Bluegrass Telecom agrees to subscribe to billing services from the Telco for all of its North Central Telephone Long Distance Division Customers in the Telco's operating area.
- b. The Customer will provide the Telco with all tariff information and with all proposed tariff changes concurrent with the filing of such changes.
- c. The Customer will provide the reasonable notice to the Telco of rate and service changes so that said changes may be reflected in the Telco's end user bills issued on behalf of the Customer.
- d. The Customer will provide the Telco with copies of any marketing materials, including advertisements, so that the Telco may handle the Customer's end user requests on a responsive basis.

- e. In the event that a Customer initialed marketing effort conflicts with the Telco's ability to manage Customer service and rating issues, the Customer agrees to defer its promotion efforts for a reasonable period of time so that the Telco may be adequately prepared to respond to increased workloads associated with the marketing effort.

5. Term.

This Agreement is effective as of the first day of January, 1998, and shall be in effect for ten (10) years through December 31, 2007, unless sooner terminated by operation of law or by mutual agreement, provided, however, at any time during the term of this Agreement the Telco, upon one hundred eighty (180) days written notice, may terminate this Agreement.

6. Rates for Services.

In the event that any service provided in this Agreement is available under tariff, the tariff will supersede this Agreement. Should service under tariff become de-tariffed during the period of this Agreement, terms of the Agreement will apply for the remaining life of the Agreement in lieu of previously tariffed rates.

- a. Billing and collection services will be provided for the following rates:

Intrastate Services: The applicable and current Intrastate Tariff rates shall apply.

Interstate Services: The Telco shall receive 5% of billed toll revenues collected and remitted to Bluegrass Telecom.

7. Notices.

Any notice shall be directed to:

For Bluegrass Telecom:

Bluegrass Telecom LLC
2902 Ring Road
Elizabethtown, KY 42701

For LEC:

North Central Telephone Cooperative, Inc.
204 W. Locust Street
Lafayette, TN 37083

8. General.

- a. Any supplement, modification or waiver of any provision of this Agreement must be in writing and signed by authorized representatives of both parties.

- b. If any portion of this Agreement is found to be invalid or unenforceable, the parties agree that the remaining portions shall remain in effect. The parties further agree in

**ADDENDUM TO CUSTOMER BILLING AND
RELATED BILLING SERVICES AGREEMENT**

This Addendum to Customer Billing and Related Billing Services Agreement ("Addendum") is effective as of January 1, 2008 by and between Bluegrass Telecom LLC ("Bluegrass Telecom") and North Central Telephone Cooperative Corporation ("North Central") (collectively, the "Parties").

WHEREAS, the Parties executed a Customer Billing and Related Billing Services Agreement (the "Agreement") effective January 1, 1998 that the Parties now desire to amend;

WHEREAS, the Parties mutually desire to extend the term of the Agreement;

NOW THEREFORE, in consideration of the promises and of the mutual agreements and understanding herein contained, the sufficiency of which is hereby acknowledged by the Parties, the Parties agree to amend the Agreement as follows.

Commencing on January 1, 2008, the term of the Agreement shall be extended for a period of five (5) years through December 31, 2012 (the "Extended Term"), unless sooner terminated by operation of law or by mutual agreement; provided, however, at any time during the Extended Term North Central, upon one hundred eighty (180) days written notice, may terminate the Agreement.

The provisions of the Agreement are incorporated herein by reference as if fully set forth herein. Should there be any conflict between this Addendum and the terms of the Agreement, the terms of this Addendum shall control.

This Addendum shall be governed by and construed in accordance with the laws and regulations of the Commonwealth of Kentucky, without regard to its conflicts of laws principles.

IN WITNESS WHEREOF, the Parties hereto have caused this Addendum to be executed as of the date first above written.

NORTH CENTRAL TELEPHONE
COOPERATIVE CORPORATION

BLUEGRASS TELECOM LLC

By _____

By Charles J. Willett

Title _____

Title Vice President

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NORTH CENTRAL TELEPHONE
COOPERATIVE CORPORATION

BLUEGRASS TELECOM LLC

By 

By _____

Title President & CEO

Title _____